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AMERICA'S TRAINING NEEDS

HEARING

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

REVIEWING THE SUBJECT OF TRAINING AND RETRAINING OF
AMERICAN WORKERS

MARCH 6, 1987

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AMERICA'S TRAINING NEEDS

FRIDAY, MARCH 6, 1987

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met at 9:35 a.m., pursuant to notice, in room SD-430, Dirksen Senate Office Building, Senator Paul Simon (chairman of the subcommittee) presiding.

Present: Senators Simon, Quayle, Hatch, and Humphrey.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. Good morning. The hearing will come to order.

This is the first hearing of this subcommittee for the 100th Congress. I want to, while he is not here yet, to publicly pay tribute to my colleague, Senator Dan Quayle, of Indiana, who has chaired this Subcommittee for the last six years and has really done a superb job at that.

What we are doing today is taking a long look at the whole subject of training and retraining of American workers. Obviously, that has to include the field of education, but today we are primarily just looking, getting some perspective and background.

On February 19 I joined Senators Kennedy and Metzenbaum as well as some other colleagues on this committee in introducing S. 538, the Economic Dislocation and Worker Adjustment Assistance Act of 1987. That same day, the administration announced its Trade Employment and Productivity Act of 1987, which includes Secretary Brock's worker adjustment and disadvantaged youth initiatives.

I want to publicly commend Secretary Brock for his leadership in pushing these thoughtful and much needed proposals through the Executive Branch process. And now we want to take a good hard look at these proposals.

Today's hearings will allow us to examine the report and recommendations of the Secretary's Task Force on Economic and Worker Dislocation. We will also learn about corporate, joint union and management publicly-funded programs (through JTPA).

We have obviously a serious problem. We have ten million workers out of work in this country. That is more than the official list, but when you count the discouraged workers and people who are working just a few hours a week, you end up with ten million workers.

In the period 1981 to 1985, 11.5 million workers lost their jobs due to plant shutdowns and relocations, at least 2.7 million of them permanently; 1.3 million of these dislocated workers are still unemployed, and another 700,000 have dropped out of the labor force.

We are looking forward to hearing the testimony. I want to also enter into the record the opening statement of Senator Quayle and on behalf of Robert W. Galvin, Chairman and Chief Executive Officer, of Motorola, his remarks on "The Renewal of Leadership," responding to economic dislocation, as well as a report by the United Steel Workers of America on their dislocated workers program development.

OPENING STATEMENT OF SENATOR DAN QUAYLE

Senator QUAYLE. Mr. Chairman, I want to commend you for holding this hearing to discuss America's training needs. With the emphasis on improving the nation's competitiveness, this is a timely issue and we need to ensure that we will have the employees necessary to remain strong and economically sound in the future.

Workers will always need to be retrained, and now experts are predicting that individuals will have to be trained four or five times during their worklives for different careers. Retraining for new skills or new careers will become a fact of life, and business and industry has already made significant progress in accepting this premise. Over $30 billion is spent by business for formal training, and many billions more for informal training.

It is appropriate for business to conduct the bulk of the training that occurs and that is needed. Business knows its own jobs and knows how to prepare its workers for those jobs. The federal government would never be able to provide training for all workers four or five times over their lives.

Yet, the federal government can help with ensuring that our businesses remain competitive by helping to graduate future employees that have the skills that business wants—basic skills and the ability to learn.

Too, the federal government should continue its commitment to helping the disadvantaged, as we have through the Job Training Partnership Act.

On a different note, the issue of retraining dislocated workers is clearly a significant problem for our society, and I commend Malcolm Lovell for the important report that he issued. That report is clearly right in emphasizing that early notification to workers leads to more effective delivery of both public and private services to dislocated workers. Additionally, the report makes the equally important conclusion that the most effective dislocated worker programs are those where labor and management have a good relationship, and have both been involved in the design and delivery of the services. This labor-management cooperation should definitely be promoted.

Finally, we must be clear about what we are talking when we discuss dislocated workers. Not every business closing makes for dislocated workers. For example, if a department store shuts down, it is questionable whether the clerks in the store really need advance notification and training to obtain new employment. However, when an automobile assembly plant shuts down because the technology of producing autos has changd so dramatically and will result in the elimination of the job skill, not just the job, then I think we have a different situaiton, and one that requires a greater intervention.

We must be sure not to engage in overkill with the provision of dislocated worker services. Such programs should be limited to those workers who are truly dislocated, with no reasonahble prospect of reemployment with their current skills.

Again, Mr. Chairman, I commend you for holding this hearing and I look forward to the testimony of the witnesses.

[Additional material supplied on behalf of Robert W. Galvin follows:]

The Renewal of Leadership

Remarks by
Robert W. Galvin
Chairman and Chief Executive Officer
Motorola, Inc.

Delivered at the
dedication of

The Galvin Center for
Continuing Education
Schaumburg, Illinois

May 6, 1986

MOTOROLA INC.

This Center will speak for itself. It is a statement of leadership renewing.

This is the second dedication of a corporate educational institution shared with Bill Bakrow. It is a welcome pleasure. The first was in the far distant and prophetically named town of Oracle, Arizona, years ago. We dedicated that Executive Institute to leadership. The words spoken there are inscribed and alive. They are a creed.

Today we rededicate ourselves to the *renewal* of leadership.

The Chief Executive Office has spoken of that word—renewal—with recent emphasis to all the management of the corporation. The context was: The Company Vision—with the process of timely renewal noted as the most driving force to open and sharpen our visioning competence, aimed at determining the company we will always be striving to be.

In that talk we asked every leader to conjure the multifaceted meanings and powers of the word renewal.

This forum provides the natural coincidence to personally do the same.

Renewal is blood brother to change. Change unto itself is essential. But, taken alone:

> It is limited.
>
> It customarily implies inevitability; even an insufficient ability to cope with some changing events.
>
> It seems to suggest most everything has to be different.
>
> It does not sufficiently suggest an original start as if there is not yet something to change.

Renewal is change.

It calls for "do differently" but it also cherishes the proven basics.

It is willing to replace and redo.

It is also capable of founding anew.

Let's square this interpretation of renewal by picturing its four sides.

1. At the base: Keep the right things the same. Renewal means reconfirming our dedication to proven values and roots; returning to the original state when change is second best; and repeating, doing again what was rightly done before.

2. On the one side: Do differently, of course, frequently, timely.
   Train, change for the better, steadily, consistently.
   Rejuvenate to restore youthful vigor.
   Extend, contract as a need is anticipated.
   Redo so extensively as to make like new.

3. On the other side: Be willing and able to begin again.
   Be capable of being replaced.

   Note that last statement is positive—be *capable* of being replaced. The enlightened renewer will not countenance being the victim of replacement by someone else's technology or talent. Rather, he or she will anticipate, learn and lead with the alternates and substitutes—adding to or replacing our something old with something new.

4. At the top—the toughest of all renewals: Begin an original. Refound. Start up.

Each of these is a major call to action.

Collectively they are an awesome responsibility.

Each of us and all the other individuals we represent must take ownership of our share of these acts of renewal. Prepare for them. Reach out to them. Stand up for them.

What we are saying again here is that renewal in all of its dimensions is a pointedly personal privilege and duty.

It's yours.

It's mine.

Just as it was Paul Galvin's.

He is recalled to us today as we impart his name, so appropriately, to this continuing education center.

He was the original teacher. His lessons are ever more valid.

He was the restless renewer. He renewed in every way.

He was *the* driving force. It was his most driving force.

Certain of our associates originally asked that my name be applied singularly here. I was more than reluctant as this is our institution. Then we thought to couple mine to his. This, of course, took on a rare and appreciated distinction. I acceded, but primarily because of the symbolism of father to son—the master demonstration of mankind's requirement to renew.

He did instill the spirit in me. I will not shy from that claim.

But what he would want is that the torch I hold high in his image will fire each of our spirits to emblazen our business realm with constant glowing and growing achievements by ever abler, ever smarter peers and associates who will spark our renewal.

RESPONDING TO ECONOMIC DISLOCATION

Assistance Programs for Unemployed Steelworkers and A Directory of District Programs

Prepared by
the International Headquarters Task Force
for
Dislocated Worker Program Development

1986

Presented to the 23rd Constitutional
Convention of the United Steelworkers
of America

'The bottom line is jobs...meaningful jobs and work with a future'

by Lynn Williams
International President
United Steelworkers of America

In the past eighteen months, I have traveled to virtually every area of the United States where the depression in our basic industries has adversely affected our members. I have seen the negative effects of plant shutdowns and the consequences of dislocation. I have also been heartened by the response of our membership to these critical times.

In community after community, from the steel belt in Pennsylvania to Illinois, on the iron range in Minnesota and in the copper fields in Arizona, I have found a tremendous response, not only of good will, but of talent and enterprise among our membership to meet those challenges associated with unemployment and structural job loss. Both working and unemployed members have responded to the call by establishing food banks and other emergency support services, assisting in developing reemployment centers, and in liaison work with the community social service agencies which have always been supported by our membership.

The bottom line, however, is jobs. And meaningful jobs and work with a future. The displacement of jobs in the traditional manufacturing industries, where most of our unemployed members worked, presents the greatest challenge to our union, as well as to our nation as a whole. All citizens suffer in a community when large-scale workforce reductions occur. The tax base erodes, shrinking social service and training funds at a time when they are most needed. Communities literally cannot afford to lose the industries that support good-paying jobs and with it the skilled workers employed in those occupations.

Our union is also working at other levels to meet the challenges of these times. We have activated our legislative committees on both state-wide and district levels to lobby for the expansion of other human services to the unemployed. At the federal level, we have urged the Congress to increase funding for the Job Training Partnership Act which provides the funds and the structure for transition services and retraining for the displaced. We continue to support funding extensions for the Trade Adjustment Assistance Act which also provides retraining, relocation and income extensions for workers whose jobs are eliminated by imports.

Although our union will continue to advocate for these individual programs which provide for some relief from the pain of dislocation, these programs do not attack the pervasive issues facing our country. The erosion of our industrial base continues; steel imports are increasing despite the quotas, and the income gap for middle America widens. The manufacturing jobs that moved workers up the income ladder are being lost to foreign competition and in its place, more often than not, are minimum wage jobs in the service sector.

All of this points up the fact that our national leadership emanating from the Reagan White House continues to pursue a policy which discourages employment, equality and self-sufficiency. The erosion of our standard of living for much of the population must be surfaced as a national issue; a sound industrial policy must be the next immediate order of business at the highest levels of government—an industrial policy which encourages growth, creates jobs and maintains this country's preeminence in the manufacturing and the basic industries.

We must now ensure that all who want to work can do so, in jobs which offer security as well as opportunity. We must continue to pursue all vehicles which offer reemployment and retraining opportunities for our unemployed. This report outlines the total efforts of our union and our plans for the expansion of those efforts; but in particular it describes our steelworker assistance programs which enable our unemployed to be job ready when preparation meets up with opportunity.

Lynn R. Williams
International President

To provide human and support services

Our human resources are our most precious asset. Yet few experiences have a more profound impact upon an individual than the denial of the right to work and earn a living. Layoffs and plant closings have taken their toll of those, who, through no fault of their own, have had to give up their jobs, and with it their community of fellow workers and friends, to say nothing of their income and benefits.

Where plant closures have occurred, the immediate impact on workers and local communities has invariably been adverse. This has been illustrated by a succession of sociological, socio-economic and community studies which demonstrate that job displacement frequently leads to family stress, damage to physical and mental health and sometimes even suicide. The circumstances surrounding job loss through a plant closure or mass layoff has a devastating effect on the human spirit. Individuals often experience long periods of grief similar to the death of a loved one, exemplified by periods of anxiety, lethargy, concern for their families and feelings of loss of self-respect.

And a disproportionate number of workers laid off due to a plant closure suffer permanent income loss, downward occupational mobility, chronic unemployment and premature retirement. Plant closings are most difficult for our older members who are not quite ready for retirement. For these it is most difficult to find work, and for whom securing a new career through a return to school is most difficult. But few of these can afford not to work for fear of losing medical and other important benefits.

Plant closings also have indirect impacts. Other workers and businesses in a local community and in related industries are often affected by the "ripple effects" of the closure, causing lost purchases and revenues. Often these employees, too, become victims of a layoff. Moreover, community tax revenues are lost and local governments face increased demands for social and public services at a time when they can least afford to provide them.

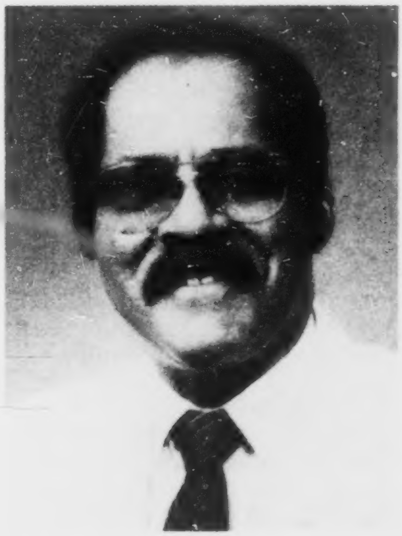
At the national level, the cost of unemployment is truly significant. The real waste of human and material resources is demonstrated by the fact that for every 1% of unemployment, America loses at least $100 billion in unproduced goods and services, and the federal treasury loses $30 billion in lost tax revenues and extra welfare and unemployment compensation benefits.

That is why the USWA is devoting its energies, time and full support to develop the most effective human services for its jobless members. And this is also why we are actively promoting the social and economic legislation designed to deal with the effects as well as the causes of worker and economic dislocation.

This report describes how we are working at all levels to provide, and advocate for, those human and support services so critical to the survival of our unemployed membership.

Leon Lynch
International Vice President
Human Affairs

For training, counseling and placement



When we negotiated the 1983 agreement with the basic steel companies, we had the foresight to insist that companies acknowledge their social responsibility to our unemployed members, should the steel crisis deepen. The language stated, in part, that, ". . . company and international union representatives shall meet to determine whether appropriate federal, state, or local government funds are available to establish an employee training, counseling, and placement assistance program for that facility."

The result of that agreement has been the establishment of steelworker assistance centers across the country. These centers are operated jointly by the company and the USWA, with resources and funding secured through Title III of the Job Training Partnership Act and matched with company funds and other resources. To date, the USWA has participated in the establishment of nearly fifty programs which service our unemployed.

In addition, our members, along with laid-off steelworkers, give of their time and energies to assist with all the planning and administrative activities necessary to operate the centers. Increasingly, steelworkers direct the center, or act as counselors or union liaisons.

Building upon the earlier agreement, this year we are negotiating with each major steel company for a commitment of funds, to be jointly administered, which will be used to continue those services which we have found to be so beneficial to our unemployed members. We also know that these programs are most effective if assistance is offered when workers need it most, at the time of the termination or layoffs occurs.

But dollars and cents cannot account for all the costs associated with a plant closing. It is not possible to put a monetary value on the self-esteem a man or woman loses along with the job which has sustained the family. No entry in a ledger book can account for the psychological and medical costs when a career ends or a family is divided. And no figure can account for a community's loss when an employer shuts his doors for the last time.

On behalf of, and in cooperation with, the International Headquarters Task Force on Dislocated Worker Program Development, I can assure you that we will continue to improve our services and broaden the scope of our program to increase its effectiveness.

But we cannot do the job alone. Our unemployed must participate fully in the process and avail themselves of the services being offered, whether it be to learn the techniques to help themselves through the job finding process or to enter a retraining program to learn new skills, this challenge will continue to require trust and hard work on the part of everyone.

John. T. Smith
Assistant to the President

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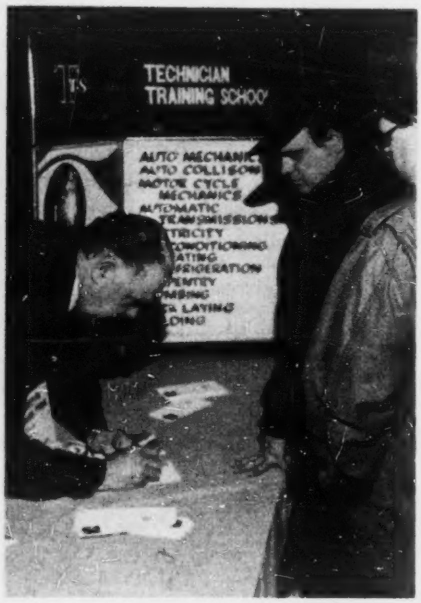
NOV. 15, 1984

RESPONDING TO ECONOMIC DISLOCATION

A Report on the United Steelworkers of America Worker Assistance Programs and A Directory of District Programs

1986


TECHNICIAN
TRAINING SCHOO
AUTO MECHANIC
AUTO COLLISON
MOTOR CYCLE
MECHANICS
AUTOMATIC
TRANSMISSIONS

INTRODUCTION AND PROGRAM SUMMARY

Since 1980, Americans have witnessed a phenomenon unprecedented in U. S. history: that of over a million workers losing their jobs through no fault of their own. The majority of these workers are individuals who went to work out of high school, or even before they finished high school—individuals who took jobs as the great American manufacturing machine was gearing up and needed workers, fit and able to work, and at a time when labor unions had fought to gain legitimacy and acceptance as an integral part of the American workplace. The character of these individuals included a strong work ethic—an honest day's work and loyalty to company and union.

Within this milieu came a host of expectations, which is a part of the American Dream, including the right to work in accordance with a normal work pattern, receive their paycheck and retirement after a lifetime of work. For some, this dream meant that the job they were doing was not necessarily the cleanest, or the most skilled—working in the heat of a mill or underground in a mine—but the job meant stability, comradeship, community and security. For many, however, the dream was shattered before they were able to reap the harvest of a life's work, a secure retirement, with skills not applicable to changing technologies.

Steelworkers, unfortunately, have been impacted more directly than those in any other industry—over 250,000 steelworkers have lost their jobs permanently since 1980. Thus, our members have repeatedly witnessed the pain, the disbelief, the loss of individual self-esteem, the psychological and medical toll and the grieving, not only for the job, but for the routine, the way of life, the community, the union solidarity and more. We know that losing a job permanently after working at the same plant 15 or 20 years is a devastating, traumatic experience and one which colors life for years after the lock on the plant gate has rusted away.

The United Steelworkers of America has worked over the past several years to develop a positive approach to help ease the trauma experienced by these unemployed steelworkers. Specifically, we have spearheaded a nationwide initiative, described in this report, that represents a concrete, effective response to the difficulties posed by worker terminations.

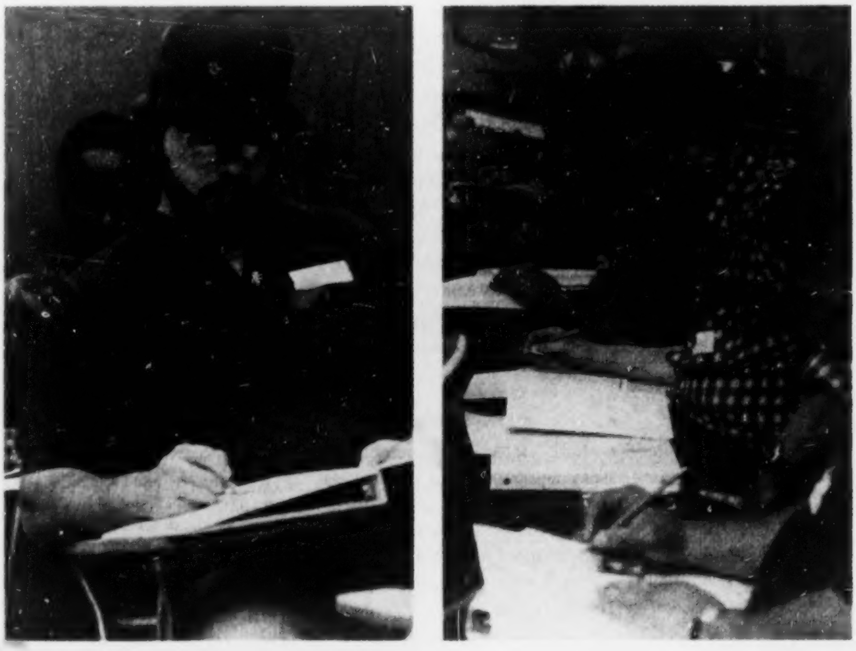
The key elements of the USWA's total approach are:

- The guidance and oversight provided by the International Task Force on Dislocated Worker Program Development.
- Established union-wide principles and policies for dealing with worker dislocation.
- Enabling language in negotiated labor agreements with companies calling for specific commitments from companies as well as the union to work with state and community organizations to support transition assistance for terminated members.
- The comprehensive model for reemployment, retraining and emergency service provision.
- The efforts to intervene and assist before workers become unemployed.
- The ongoing work with companies, public agencies and funding sources to support dislocated worker projects through USWA staffing, model development, technical assistance, grantsmanship assistance and oversight.
- USWA policy advocacy at the federal and state levels to provide maximum support for dislocated workers.

- The ongoing effort to secure maximum Trade Adjustment Assistance benefits and training resources on behalf of its members.
- The ongoing efforts to provide emergency services to workers in areas that have been especially hard hit by economic dislocation.

This approach already has produced impressive results: to date, over 17,000 steelworkers have been enrolled in over fifty comprehensive centers providing job search and retraining: about 7500 are still active participants or are to be enrolled in new or extended programs. Of the 13,000 who have completed center services, over 7,200 have been placed in jobs to date. An estimated 4,000 workers have completed or are currently completing classroom training or OJT. In addition, new programs have been started which are funded to serve more than seventy five hundred additional steelworkers over the next program year. In total, over thirty three million dollars of JTPA Title III grants have been secured on behalf of dislocated USW members, supplemented with companies contributing over six million in cash. Companies have also contributed substantial in-kind resources consisting of staff time, committee work, equipment and facilities.

In recent collective bargaining negotiations, the USWA has obtained agreements with several major steel companies to provide funds, to be jointly administered, to support future dislocated steelworker training and adjustment programs. For the life of the three year contract, this amounts to approximately eleven million dollars. This total approach has been recognized as an important contribution, not only to the unemployed steelworkers, but in national public policy discussions in which our union has been cited as a model for other unions to emulate.



PROGRAM PRINCIPLES

The following guiding principles have evolved over a period of several years based on the experience our union has gained working with over fifty worker assistance programs across the country since 1980. As described elsewhere in this report, the basic approach of working jointly with the company to seek outside support for worker job search and retaining assistance was formalized in the 1983 master agreement. Building on this foundation, and drawing on the best national experience in the dislocated worker field, the USWA, two years ago, developed a complete worker assistance program model, incorporating an earlier version of the principles listed below. Since that time, program evaluations and reviews by the USWA and others have validated the USWA approach as an extremely effective means of helping workers make the transition to a new job.

PRINCIPLE 1: TRI-PARTITE (USWA/COMPANY/ COMMUNITY) APPROACH

The USWA's experience indicates that success is significantly enhanced when our union, at all levels, the company (at the corporate and plant levels) and community service agencies all play a key role in planning and implementing assistance. Labor-management involvement throughout planning and implementation is considered especially crucial to success. Studies conducted by the U.S. Department of Labor, the Office of Technology Assessment (of the U.S. Congress), and the General Accounting Office as well as experience in other countries such as Canada confirm our experience by showing a consistent correlation between success and in-depth labor/management involvement. Some reasons which account for the success of this approach include:

- Joint labor/management sponsorship helps workers feel "ownership" in the program. The company-union approach demonstrates that the program has been established expressly for them.
- USWA and company personnel know the workers personally, understand their situation and problems, and talk their language.
- The union local and the company provide the best ongoing communications network for keeping in contact with workers and organizing worker outreach.
- When playing a central role, companies and the union have opportunties to contribute more resources and staff time to the effort, thus leveraging more out of scarce public funds and increasing the amount of individual attention and services that can be offered to workers.
- A plant-based labor/management sponsored program, unlike an agency-based program, has no other long-term agenda, no other programs and no other constituencies to cope with. Full attention is focused on the needs of the affected workers.

The USWA has formalized the tri-partite sponsorship of worker assistance in its programs by establishing joint decision making processes to guide planning and program operations. At the international-corporate (or company division) level, joint labor-management oversight is carried out first by a representative of international headquarters and an appropriate corporate representative. At the local level, oversight typically is carried out by a small committee usually consisting of one district representative and two local representatives and three company representatives. Often, a community advisory task force also is established to provide guidance and help access support and resources to help unemployed steelworkers.

Program Variations

At the same time, the USWA recognizes that a plant-based approach involving the company is not always feasible. Where many workers in one industry are already out of work, or where the company is not supportive, union-based or community-based approaches may become necessary. In other cases, such as with a statewide initiative to assist steelworkers, varying degrees of company support may be obtained at different locations. In such instances, the union has demonstrated flexibility in adapting its approach to circumstances. In each case, however, the USWA has participated in planning and has maintained ongoing contact with the program in order to assure equitable, comprehensive, high quality services for all members.

UNITED STEELWORKERS OF AMERICA
USA

Ideally, the union intervention is in the form of being represented on steering committees and task forces and, frequently, by having union personnel staff and even administer the program. Furthermore, to the extent possible, the USWA always strives for the maximum involvement of all parties—including the company and the community—in order to draw on the maximum range of resources available to help workers make the transition to a new job.

PRINCIPLE 2: EQUITABLE ASSISTANCE FOR ALL AFFECTED EMPLOYEES

A fundamental reason for adopting a systematic approach to worker assistance is to assure that *all* members facing job loss, regardless of occupation, employer or locale (including retirees or potential retirees), receive equitable treatment and high quality services. The USWA stresses that the call for equitable services must include workers already laid-off at the time of the official plant closing (or termination) announcement. (Frequently, more than half the workers terminated in plant closing situations were already on layoff, some already having exhausted their benefits, when the announcement was made.)

Likewise, where other unions are represented in the same plant, the USWA supports equitable assistance for their members as well. We also stress that, where a large plant closing or layoff has a major impact on a community, services should be offered to individuals directly affected, e.g. family members, suppliers, individuals affected by cutbacks in retailing/services and other community residents.

PRINCIPLE 3: PRIOR NOTIFICATION AND EARLY INTERVENTION

Studies have demonstrated conclusively that pre-layoff notification and intervention is crucial to obtaining maximum effectiveness in worker adjustment, especially in terms of worker participation in assitance programs. Since 1983, the steel industry Basic Labor Agreement has provided a legal framework for prior notification of plant or departmental closures: Ninety days notice of a plant or departmental closure must be given, with a thirty day period reserved for the USWA to review and propose alternatives to closure.

Of concern to the USWA is that this framework has not guaranteed advance notice of plant closures to workers. In many instances, official notice of intent to close permanently has occurred only after a facility has been shut down operationally. The impact frequently is that fully 80% of the laid-off workers have exhausted their Unemployment Insurance benefits when the plant closing announcement is made. We recognize and anticipate, therefore, that certain worker layoffs are, in effect, terminations. The U.S. Department of Labor also has recognized this situation by approving certain steelworkers for JTPA Title III Dislocated Worker Assistance eligibility even though they were only on layoff without notice of official termination. An important part of the assistance model, therefore, is to identify these situations as quickly as possible and encourage the workers involved to begin their transition to a new job or retraining immediately. At the same time, the USWA stresses that genuine advance notification of worker terminations is a crucial element of an effective tri-partite approach to economic adjustment. Thus, we are working to address the issue of advance notification in its collective bargaining and policy advocacy activities.

PRINCIPLE 4: PREPAREDNESS AND EARLY PLANNING

A recent study performed on contract with the U.S. Congress Office of Technology Assessment cites preparedness and early planning as crucial factors in enhancing the effectiveness of worker assistance programs. A key reason for developing the program model and stressing advance notice and early intervention is to help districts and locals, as well as the companies involved, to be prepared ahead of time to intervene as quickly and effectively as possible when dislocations occur. The USWA also is engaging in educational programs and research efforts designed to increase its level of preparedness and educate companies and communities regarding the options for effective worker assistance in conjunction with the union and the communities involved. The USWA, in fact, frequently comes to a community (sometimes working jointly with the company involved) to educate the community and participating agencies regarding tri-partite program options and spearhead an initiative to help catalyze an appropriate community response.

PRINCIPLE 5: COMPREHENSIVE, INTENSIVE SERVICES FOR AFFECTED WORKERS

The USWA's experience demonstrates that assistance to laid-off workers is most effective when company, union and community resources are coordinated in a comprehensive and intensive program. We strive to initiate assistance before layoffs begin and continue for a significant period after the layoff. Services usually are provided at a central location or at multiple convenient locations where affected workers reside over a large area. The "assistance center," for example, is often coordinated out of a company site if the company offers use of good space and equipment but union halls are often used successfully as well. While experience indicates that the most successful programs offer as many services as possible at the center site, this is not always possible due to the multiplicity of training and employment agencies in a given area. In these instances, the union stresses centralized management and oversight of the entire effort and can train local representatives to refer unemployed workers to appropriate agencies.

The following section explains the service delivery aspects of the assistance center approach in more detail.

THE COMPREHENSIVE ASSISTANCE CENTER MODEL

The guiding principles described in this report outline the basic tripartite nature of the USWA's approach to dislocated worker assistance. In addition, we have learned much over the past several years about the specifics of what works and what does not in terms of service delivery. These lessons have been incorporated into the program model, major elements of which are summarized below. The implementation of the model allows for considerable flexibility in adapting to local circumstances. Therefore, variations in the implementation of the model also are presented. Elements which have contributed most to success are emphasized.

COMPREHENSIVE RANGE OF SERVICES:

To maximize effectiveness, the USWA urges a comprehensive range of services including:

- **Ongoing Outreach and Recruitment**: To maximize worker participation in the assistance program and provide ongoing moral support to workers during their job search. Unemployed workers often need encouragement and support for successful job search, especially in high unemployment areas where jobs are scarce and job search requires substantial persistence. Peer Counseling and outreach/recruitment efforts generally are integrated into the overall center program and have been especially successful in providing a vital link between the unemployed worker and transition services.
- **"Self-Help" Re-employment Assistance**: To facilitate each worker's individual job search. Services include skills assessment, job search instruction, job clubs where appropriate, telephone/work stations, a resource library, job postings and individual counseling.

HAVE QUESTIONS OR WANT TO
KNOW WHAT IS GOING ON AT
THE MIDLAND CENTER ?
Call The Center Toll-Free
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or
OH, WV - 800-441-7671
LOG ALL CALLS
S ARE FOR JOB
CH CALLS ONLY !!
Personal Calls Are

- **Direct Job Placement Assistance:** Including job development, job placement information and counseling, coordination with local employment and training agencies and relocation assistance, when required.
- **Education and Retraining:** To help workers acquire basic skills, when necessary, and obtain the specific skills to transition to new occupations. Basic education, GED Certification, classroom vocational training, and on-the-job training (OJT), are made available through a center program.
- **Services to Offset the Impact of Transition:** Including individual personal and financial counseling, stress counseling, referrals to social services, and special emergency service programs in highly impacted areas such as food banks and emergency medical services.

CENTRALIZED, COORDINATED CENTER MANAGEMENT:

Programs that achieve "comprehensiveness" by patching together different services without a clearly centralized management structure are not successful. A center director must be clearly in charge of all staff and services and must have management systems in place to track progress and make adjustments accordingly.

CULTIVATING WORKER "OWNERSHIP" IN THE PROGRAM:

The USWA sees this as one of its key roles in the worker assistance process. Ongoing communication and promotion of the assistance program, starting early in the planning process, is accomplished via the Peer Counseling program, its outreach-recruitment efforts and the critical roles that USWA districts and locals play generally in communicating with their members. Cultivating a sense of worker ownership is also a key reason the union resists having workers merely referred to a generally agency-based center. Where possible, a separate center is established at the plant site or union hall. Targeting the program specifically to the plant population contributes to worker acceptance and trust. When this is not possible, the union strives to remain directly involved by having a peer counselor or other Steelworker representative involved in staffing the program to assure that personalized, high quality services are available to members and to assure ongoing linkage with the union.

CONTINUED CENTER OPERATIONS/PERSISTENT WORKER RECRUITING AND TRACKING:

Study findings and the USWA's experience clearly suggest that continuing center operations for a year or more following the closing is important to success. High participation rates have been achieved only when workers have been recruited and tracked persistently over a long period. This is necessary, first of all, for getting most workers enrolled in the program. Secondly, once workers become center participants, it is important to offer assistance for a period afterward. Intensive counseling often only begins after workers have been rejected by employers and become frustrated. It is at this point that workers most need follow-up support, encouragement and guidance. Individuals completing retraining also may need job search assistance when they complete the training. Thus, while many programs are funded by agency grants for one year at a time, the USWA has supported and received program extensions for dozens of center programs.

INDIVIDUAL COUNSELING AND ATTENTION:

While job search workshops, job clubs and other group-oriented activities are central to an assistance center's services, staff have reported consistently that worker morale and job search skills are boosted by ongoing individualized counseling and attention. Individual counseling is especially effective when the counselor involved has worked at the same plant and is personally acquainted with the individual.

USWA STAFFING:

USWA peer counselors/union liaisons play a central role in center operations by: 1) providing workers with the kind of individualized attention that is most effective in enhancing job search and adjustment to job loss; 2) giving the project credibility, especially during the early phases of the project when outreach and recruitment is particularly crucial; 3) bringing the union perspective to the program on a continuing basis; 4) providing an ongoing link between the program, the worker and the union. These individuals are recommended for their positions by the District Director and approved by the International President, Lynn Williams. They receive an annualized wage of between seventeen and twenty four thousand dollars, including fringe benefits. They are paid by the International which is then reimbursed through Title III funds allocated for the project or by the company involved.

In addition to the liaisons/peer counselors, which have become a standard part of assistance programs for steelworkers, members increasingly are functioning as center operators and program directors, a strong credit to the expertise gained by the union in the worker assistance field.

EMPHASIS ON BASIC AND REMEDIAL EDUCATION:

A lack of basic educational skills can be a barrier to both reemployment and eligibility for occupational training, and is also seen by counselors as contributing to a lack of self-esteem on the part of some workers. A number of centers report that basic and remedial education is one of the most successful and important services offered.

PROVIDING EMERGENCY AND HUMANITARIAN ASSISTANCE IN HIGHLY IMPACTED AREAS:

In economically depressed areas where there is a high concentration of unemployed steelworkers, mere survival is a critical issue for many. The USWA has worked closely with churches, community organizations, non-profit groups, service providers and others to organize emergency and humanitarian assistance to dislocated steelworkers and their families. Responding to the need to coordinate various food bank programs in the Pittsburgh area, for example, the Pittsburgh Area Food Assistance Board was formed in 1982 with the assistance of the USWA International Civil Rights Department. This brought together some 25 different western Pennsylvania food assistance programs. Other such efforts include a primary health care program in southwestern Pennsylvania for persons not covered by health care insurance or medical assistance; a Toys for Tots program, coordinated through the International Vice President for Human Affairs Office, distributing Christmas presents to needy children; and the Dollar Energy Fund which, through matching funds by utility companies, enabled needy families to meet the high cost of utilities.

OTHER FACTORS CONTRIBUTING TO THE MODEL'S SUCCESS:

Other factors consistently identified by USWA liaisons as enhancing assistance center success include:

- Offering a solid program of personal financial and consumer credit counseling to help workers deal with cash flow and credit problems as well as with the tax implications of receiving large lump-sum severance payments.
- Developing effective and non-threatening means of assessing workers' skills and abilities.

Variations on the Model

The USWA model outlined above lends itself to adaptation according to circumstances. In most worker assistance programs, especially where large numbers of workers have been affected, a separate plant-based assistance center is established. The USWA recognizes, however, that a plant-based company-union center is not always feasible or appropriate. Thus, some programs are operated by a Private Industry Council, community college, the AFL-CIO or other entity with substantial union participation, usually including staffing and oversight. Important variations of the model represented among projects serving members include:

- **STATEWIDE OR REGIONAL PROGRAMS OPERATED BY A NETWORK OF IDENTIFIED AGENCIES:**

  In a number of cases, a statewide or regional worker assistance initiative is operated by a network of local agencies at chosen sites. In Pennsylvania, for example, five local agencies are instrumental in operating steelworker assistance programs at six sites.

- **PROGRAMS OPERATED BY THE AFL-CIO OR THE HUMAN RESOURCES DEVELOPMENT INSTITUTE (HRDI) OF THE AFL-CIO WITH EXPLICIT USWA APPROVAL:**

  Some steelworker assistance programs are operated by HRDI or other arms of the AFL-CIO at the request of the USWA. These include special programs for copper and iron ore miners operated through the AFL-CIO in Michigan (in several cases the program director is a former steelworker), and a statewide program in Ohio and a regional program in the Houston, Texas area, both operated by HRDI.

- **LOCAL AGENCY-OPERATED PROGRAMS SERVING USWA MEMBERS AND OTHERS:**

  Where other unions or non-union plants are involved, local agencies sometimes operate dislocated worker assistance programs on behalf of USWA members as well as the other workers. As indicated above, these programs generally have substantial union participation, including staffing and oversight via participation on steering committees and community task forces.

The Midland
Center
For Career
Development
Classroom
on 2nd Floor

PROJECT DEVELOPMENT PROCESS

To assure that its approach is followed in project development, the USWA has evolved, as part of its comprehensive model, a process and decision making structure that provides a foundation for a joint union/company/community worker assistance effort. The 1983 Basic Labor Agreement initiated the trend toward establishing the current tri-partite approach by including, in Appendix "O" to the agreement, language requiring the company and union to jointly seek outside resources to support a program of job search and retraining services for terminated workers. This approach has been reinforced and extended by recent bargaining agreements with companies, calling for an economic package that will support training and related assistance for workers permanently severed from their jobs via company contributions as well as outside sources such as JTPA Title III. The following briefly outlines the general sequence of project planning and development.

INITIATION OF PLANNING

The project development process starts at the USWA International/ Corporate Headquarters level. At the announcement of the plant closing, Appendix "O" of the Basic Labor Agreement (or similar provisions of newly negotiated agreements with steel companies) calls for the company to work with our union to jointly seek outside assistance for a program of worker reemployment and retraining assistance. To facilitate early planning, a corporate representative has been designated at each major steel company to function as the counterpart to the International Headquarters Task Force, which is responsible for spearheading this phase of planning on behalf of the union. An initial planning session takes place aimed at: 1) sketching out preliminary plans for the assistance program, often based on a preliminary proposal outline developed by the union; 2) developing a joint commitment and strategy with the company for seeking outside support, especially JTPA Title III funds, 3) establishing a high-level company-union oversight structure for the project, and 4) securing a company commitment to contribute a specified dollar amount to the adjustment effort.

The latter point is especially important. We believe that a specific dollar commitment should be forthcoming from the company to demonstrate a good faith effort to assume some responsibility for the workers they are displacing. The company contribution not only demonstrates a bona fide effort but also provides the basis for developing a funding proposal and helps to meet JTPA Title III matching fund requirements. Our experience is that companies often will contribute substantially when the comprehensive center concept and tri-partite nature of the effort is explained. In a number of cases, for example, the company has paid for basic center staffing and administrative costs, provided space and equipment, and contributed staff time to accounting and oversight tasks. JTPA Title III grants pick up costs for classroom training, OJT, special testing and assessment and some other services.

USWA DISTRICT AND LOCAL LEVEL PLANNING & COMMUNITY INVOLVEMENT

The next major stage in project development takes place at the District level: The International contacts the District involved which in turn involves USWA locals in planning. Information is shared regarding the demographics of the situation and preliminary plans for worker assistance. The district also makes a preliminary decision/recommendation regarding who will be represented on the program administration (or steering) committee. This generally includes the Staff Representative who often becomes the union co-chair of the committee. Other representatives on the committee often include the local president and another person, such as a member of the bargaining committee. At the same time, company headquarters involves plant level personnel (and company division level personnel if appropriate). A meeting of appropriate USWA and company representatives is then held at the plant level to formalize the administration committee structure, review preliminary plans and the program model, obtain input and approval on how to proceed, and begin the process of sketching out a program.

In addition to establishing a blueprint of the center program, a key goal of this early planning stage is to give local union leaders optimum participation in the program development. Establishing the program's legitimacy with local USWA leaders is especially important to set the stage for broader worker and community acceptance of the project.

During this phase of planning, our representatives as well as company officials work to identify outside agencies, individuals and organizations to support and participate in the assistance program. A meeting then is convened with public sector and community representatives as appropriate. At the public/private meeting, the USWA and company usually spearhead the planning process by presenting the comprehensive center model and preliminary funding plans (including company cash contributions where appropriate). Frequently, the first part of this session is devoted to educating local agencies regarding the options available for supporting a labor-management based assistance program. At the planning meeting, basic decisions are made about resource commitments, center timelines, basic staffing arrangements (including personnel who will serve as union liaisons, peer counselors

Ohio Governor Richard Celeste makes presentation of retraining funds. USWA Task Force Chairman John T. Smith is in center.

and program operators), services priorities, fiscal responsibilities (e.g. who, if anyone, would serve as the Title III grant recipient) and the role of center staff and other service providers in delivering services. A proposal outlining the comprehensive program, its budget and staffing generally is complete within a few weeks.

The administration committee then oversees the remainder of the planning and implementation process. As outlined above, this committee usually consists of three district and local representatives and three company representatives. A community advisory task force, consisting of representatives from community agencies and organizations also is frequently established to help access community services and support for the project.

A final critical period in the development of the center programs is the early program start-up phase. This is when operating and administrative systems are established; facilities are prepared; staff are selected, hired and trained; the specifics of job development, retraining, testing-assessment, social service referrals, etc. worked out; and when the roles and responsibilities of key staff and decision-makers (among the company, union and participating agencies) are established on a day-to-day working basis.

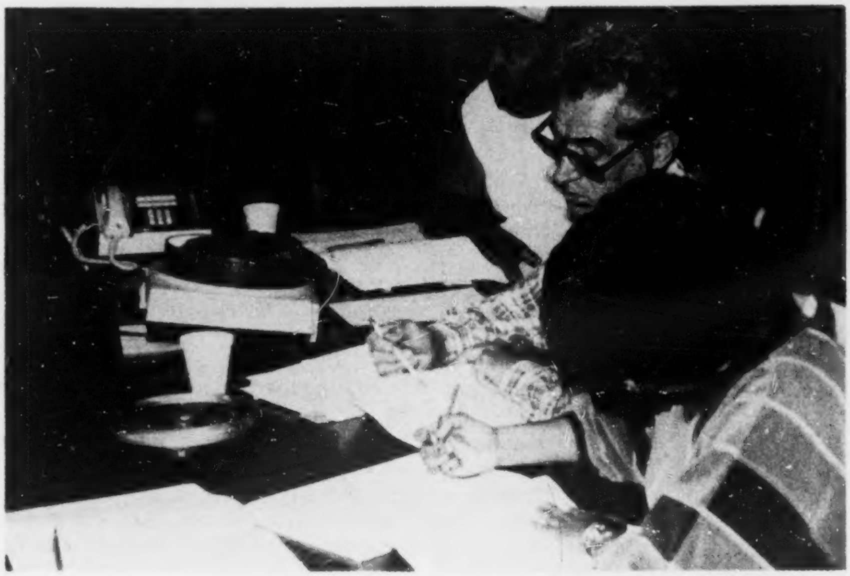
At this stage, "contingency" arrangements frequently are worked out to start center operations despite lags in JTPA Title III grant awards. In most cases, company, and, sometimes, local agency funds and in-kind contributions support the project in its entirety until JTPA funding is available. The USWA also helps finance the up-front contingency period by paying union liaisons' salaries, to be later reimbursed by Title III funds or the company involved.

HISTORY AND CHRONOLOGY OF THE USWA APPROACH

During the early 1980's, the USWA International's policy was to support worker assistance initiatives at the district and local levels, allowing considerable local autonomy in the development of programs. In many of these early programs the emphasis at the local level was on facilitating the provision of social and emergency services for workers—a strong reemployment and career adjustment emphasis had not yet been developed.

By 1982, however, the USWA's role in worker adjustment had begun to change. Kaiser Steel and the California State Employment Service worked with the local to set a precedent—the development of a comprehensive assistance center for workers terminated by Kaiser. Several other programs, established at about the same time, such as the Johnstown-Bethlehem project, exemplified the need for greater involvement by the union. In 1983 the USWA played a significant role in the development of a resource base and program model for a comprehensive assistance center at the Jones and Laughlin (J & L) Midland facility. The USWA and J & L negotiated a small fund, paid for by a cents per hour contribution from existing workers wages, to support worker transition. With technical assistance from the National Alliance of Business (NAB) and the Human Resources Development Institute (HRDI) of the AFL-CIO, the USWA/Company oversight committee for the project developed plans and multiple funding proposals for a comprehensive reemployment program known as the Midland Center for Career Development. This is the first instance in which we actively experimented with a broader, more comprehensive approach to worker assistance.

A similar initiative was introduced at the ARMCO, Houston facility just after the Midland project was underway. Again, with considerable technical assistance from HRDI and NAB, the USWA participated in developing and implementing plans for a comprehensive center. An innovative aspect of the



Houston project was the in-depth involvement of the Texas Employment Commission in planning the project and delivering services, thus duplicating the experience in California.

Despite these early outstanding examples, however, it became apparent to the International that most workers were not assisted to move quickly back into the labor market, and that the range and quality of services offered varied considerably from one site to another. The International, therefore, took early steps to organize a union-wide reponse to dislocation. In December 1983, International President Lynn Williams appointed the USWA International Headquarters Task Force on Dislocated Worker Program Development, the entity now responsible for overall program planning and oversight on worker assistance programs. Department heads and/or their assistants and other staff technicians within Headquarters were assigned to the Task Force in order to develop and coordinate an internal process which would provide a systematic, orderly system for decision-making and oversight. At the same time, John T. Smith was appointed Assistant to the International President to initiate and coordinate the joint company-union planning process at the International level when plant closings or major layoffs occurred. One of the earliest initiatives taken on by the Task Force and J. T. Smith was the development of a tri-partite comprehensive model, based on the USWA's early successes, that would: 1) include a workable process by which programs could be initiated, planned and established quickly when dislocations occurred, and 2) would assure a wide range of high quality reemployment and adjustment services to all workers, regardless of occupation, employer or locale.

The multi-site closures of the U.S. Steel company provided a concrete opportunity and an immediate need to test and implement the new approach. Unlike previous company initiatives, this effort was spearheaded by corporate International headquarters to plan a consistent approach to worker assistance for the many sites involved. As the U.S. Steel/USWA projects evolved, the comprehensive service delivery model was further developed. One important development is that the model came to emphasize assistance not only for workers to be displaced, but, just as importantly, those which had been laid off previously but for whom the company announcement represented final severance.

Thus, by the time the U.S. Steel projects were implemented, the USWA International had evolved the two key elements of its current approach to worker adjustment: the internal decision-making process by which the International participates in developing and monitoring projects; and the comprehensive, tri-partite program model.

INTERNAL GOVERNANCE

As outlined in the section above, the cornerstone of the USWA International's efforts to provide quality services to workers losing their jobs is the International Task Force on Dislocated Worker Program Development, appointed in December 1983 by International President, Lynn Williams. The International Task Force institutionalizes, from the USWA's perspective, the intent of Appendix O of the 1983 Steel Master Agreement which calls for the union to work with the company in question to jointly seek assistance for a comprehensive program of reemployment and retraining services. The Task Force is comprised of headquarters department heads and/or assistant department heads, and technicians responsible for issues related to training and worker adjustment, including legislation, and has the following responsibilities:

1. Oversees all dislocated worker assistance projects serving members.
2. Serves as a link between Headquarters and agencies or community organizations responsible for JTPA Title III and other support for worker assistance. Plays a facilitating role in pursuing funding support for assistance to dislocated members.
3. Provides ongoing technical assistance to District Directors on matters relating to dislocated worker program development.
4. Oversees the Trade Adjustment Assistance certification process for USWA members.
5. Advises the International President on programs and policies in the dislocated worker assistance area.

The Task Force meets monthly as necessary. Task Force members continue to perform their normal duties as Headquarters Department heads. Their participation on the Task Force is part of the union's in-kind contribution to the overall tri-partite worker assistance effort.

Gov. Richard Celeste with USWA President Lynn Williams and Dist. 26 Director Frank Valenta.

USWA INTERNATIONAL TASK FORCE ON DISLOCATED WORKERS PROGRAM DEVELOPMENT

USWA ORGANIZATION CHART ON DISLOCATED WORKER PROGRAMS

International President
and
International Executive Board
(Composed of International Officers and District Directors)

John T. Smith
Assistant to the President
and
Chairman of the International Task Force on Dislocated Worker Program Development

International Task Force on Dislocated Worker Program Development
Frank G. Mont, Director, Civil Rights Department
Francis (Lefty) Scumaci, Director, Office, Technical & Professional
John Powderly, Representative, Legislative Department
William (Bill) Elliott, Assistant Director, Wage Department
Ramon Mundsinger, Assistant Director, Office, Technical & Professional
Jacqueline Mullins, Technician, Wage Department
Judith Boyd, Staff Representative, District 35

Program Administration Committees
for Centers located in the Districts:
Each composed of one Staff Representative as Chairman and two local union officials*

Center Directors

Union Liaisons/Peer Counselors**

*In addition to serving on the Program Administration Committees, in certain Districts, Staff Representatives are also assigned by their District Director to assist in overall dislocated worker program development and implementation.

**In some cases, laid-off steelworkers are also serving as center directors.

The Task Force (from left): Frank Mont, Director of Civil Rights; Jackie Mullins, Wage Department; Judy Boyd, Staff Representative, District 35 and J. T. Smith, Assistant to the President. Standing from left are Ray Munsinger, Assistant Director of Office, Technical and Professional Department; John Powderly, Legislative Department and William Elliott, Wage Department. Not shown Lefty Scumaci, Director, Office, Technical and Professional Department.

USWA INITIATIVES TO FURTHER DEVELOP ITS DISLOCATED WORKER PROGRAM

The USWA now has an approach in place that has proven effective in helping displaced steelworkers adjust to the shock of job loss and make the transition to a new career. Despite these efforts, however, the problem of steelworker dislocation continues on a massive scale. Many steelworkers remain unemployed and further terminations are forthcoming. Thus, the USWA has developed plans to improve and expand its current efforts in the following ways.

1. EXPAND THE PROGRAM TO ALL USWA CONFERENCES

Based on the solid track record the USWA has developed in the steel industry, the union plans to expand its efforts quickly to cover its 19 other Conferences representing different industries and sectors. A number of quality programs already have been developed in other USWA Conferences including programs developed for Allied-Signal Chemical workers in Syracuse, New York, iron ore and copper miners in Michigan and Minnesota, aluminum workers in Arkansas and Allied-Signal Prestolite Battery workers in Reading, Pennsylvania. The immediate goal is to build on these efforts so that every USWA member has an equitable opportunity for adjustment services, if needed. The USWA currently is pursuing this objective not only in project development but in its collective bargaining as well.

As a result of our recent merger and the establishment of the USWA's Upholsterer's Division, a plan is currently being developed to address the needs of their unemployed membership.

2. MAXIMIZE ASSISTANCE TO ALL STEELWORKERS VIA THE SURVEY ON USWA UNEMPLOYMENT

USWA headquarters is conducting a survey of all USWA Districts and Locals to find out where unemployment is concentrated and identify unemployed steelworkers that have not yet received adjustment assistance. Based on an analysis of this information, we will organize additional assistance programs to provide services where they are needed.

3. DEVELOP A USWA COMPUTER MONITORING SYSTEM TO TRACK WORKER ADJUSTMENT PROGRAMS

This report represents the first comprehensive review of all worker adjustment programs for USWA members. Plans are currently underway to establish a database system that will enable headquarters to systematically gather and analyze information on programs and disseminate this information to USWA Districts as appropriate.

4. INCREASE RETRAINING SUPPORT FOR UNEMPLOYED STEELWORKERS

We believe that companies have a social responsibility to aid workers they employ for years and then terminate. Thus, company support for worker retraining and adjustment has become an important element of the USWA's collective bargaining agenda. Considerable headway already has been made with several companies: in each case, specific dollar amounts have been set aside for dislocated worker retraining and related services. We will continue to stress company commitment to readjustment and retraining assistance in its bargaining. At the same time, the International is working to encourage workers who are likely to lose their jobs to think about retraining options early. Realistically, a certain amount of economic restructuring is going to continue. In some cases, where the economic climate is very poor, the "handwriting is on the wall" before actual terminations are announced. In such instances, denial and disbelief only exacerbates an already difficult situation. Experience shows clearly that individuals who complete their GED and obtain new skills benefit from improved self-esteem and are more prepared to take new jobs outside the industry.

POLICY ADVOCACY ISSUES

A leading role the USWA traditionally has played in representing its membership is to analyze and articulate issues related to workers' rights and needs and to recommend and advocate policies accordingly. With respect to the critical issue of worker dislocation, the following policy issues are currently high priorities on the USWA agenda:

1. ADVANCE NOTICE AND EARLY INTERVENTION

As indicated earlier in this report, the existing legal and collective bargaining framework has proven insufficient to guarantee workers fair advance warning of plant closings or terminations. While operating within the law, companies often have given "notice" 18 months or two years after workers have already exhausted their Unemployment Insurance benefits. To address this critical problem, the USWA is on record as strongly favoring national legislation on the subject of plant closings. As stated in the Policy Resolutions adopted at the 22nd Constitutional Convention, such legislation should not only mandate an adequate period of advance notice but "must require that employers weigh employee interests fully when deciding whether to close a plant and mandate the employer's development of a comprehensive program to assist employees in the post-closing period."

2. STIPENDS TO SUPPORT WORKER RETRAINING

The JTPA program, as it is currently structured, places unnecessarily severe limits on the amount of funds that can be used for stipends to support individuals engaged in retraining. This is a serious disincentive for workers to participate in retraining, especially in situations where the program begins only after workers have exhausted their Unemployment benefits due to late termination notice. The lack of stipends, and the JTPA program's emphasis on short-term job placement, also skews program administration toward more short-term superficial retraining and against longer term basic education and degree programs. The USWA strongly supports reform of the JTPA program to permit the necessary stipends and administrative support to allow most workers to engage in retraining that genuinely can contribute to career development.

3. FUNDING FOR SUPPORTIVE SERVICES

Restrictions in the JTPA program, as well as low funding levels, also unnecessarily limit the amount of support available for crisis counseling, credit

counseling, and other supportive services which are central and crucial to worker adjustment. The USWA strongly urges a reform of JTPA Title III to allow more funds to support the types of crucial emergency services that dislocated workers frequently need.

4. FUNDING FOR EMERGENCY SERVICES

For some terminated workers, especially those in high unemployment areas, buying groceries, paying for primary health care, paying the mortgage, and keeping the house heated are beyond the household means. The USWA has sponsored and received generous community support in numerous situations to address some of these vital needs, but ongoing, sustained support, especially from governmental sources, its severely lacking. In fact, the type of funding that would serve those workers who are most in need is the type of funding that is least available. The USWA urges federal, state and local support for emergency services to meet the needs of these workers who lost their jobs through no fault of their own, who cannot meet their normal household obligations, and who may now be experiencing additional health, family and other problems that their now limited resources cannot begin to meet.

5. IMPROVEMENTS IN STATE AND LOCAL JTPA ADMINISTRATION

A patchwork of state and local JTPA administrators frequently complicates the planning and service delivery process for dislocated worker assistance. Workers laid off from one plant, for example, often reside in more than one state, and almost always reside in different counties. Neighboring JTPA states and administrators sometimes refuse to cooperate so as to allow centralized management and delivery of services. The Congress, the U.S. Department of Labor and Governors should investigate ways to administer Title III more rationally and should strongly urge JTPA administrators to cooperate across jurisdictional boundaries as much as possible to promote effective delivery of services to workers in need.

6. INCREASE LABOR'S ROLE IN PICs AND STATE JTPA ADMINISTRATION

As JTPA currently stands, labor has a very limited voice in program oversight and planning as compared with the business community. The USWA is working hard to reverse this trend by stressing to federal, state and local leaders the continual need for input from labor unions, particularly on issues related to economic adjustment and worker dislocation. The USWA's leadership role, for example, in organizing public/private responses to dislocation and educating communities about the USWA worker assistance model is one way of increasing labor's voice in this field. But increased formal labor representation in decision-making is needed to address issues relating to stipends, emergency services, long-term retraining and other matters vital to the welfare of laid-off steelworkers.

A DIRECTORY OF DISTRICT ASSISTANCE PROGRAMS FOR UNEMPLOYED STEELWORKERS

WE DEDICATE THIS DIRECTORY . . .

This directory is the first attempt to gather, compile and catalogue up-to-date, pertinent information on all fifty or so programs which have served or are currently serving unemployed steelworkers. It has basically two purposes: first, to provide information to USWA members on all current and completed programs and second, to inform our unemployed membership about assistance programs located in their area.

Developed by the International Headquarters Task Force on Dislocated Worker Programs, its purpose is to provide a brief profile of each of the programs. In the near future, we hope to develop a systematic mechanism for gathering such information and making it available to the districts on a timely basis.

Each project in this booklet takes up very little space and describes the program in the barest details. But we know that each local and district listed, and those identified only as "all affected steelworkers in the area," represent individuals—individuals who lost their jobs. We know that this information also represents many hundreds of steelworkers—volunteers, union liaisons and peer counselors, staff representatives, local presidents and project directors who were former steelworkers, all spending countless hours to help their brothers and sisters through the sometimes very difficult transition to a new job.

We wish to pay tribute to these enthusiastic, selfless, hard-working individuals. We dedicate this directory to each of them.

SUMMARY OF PROGRAM RESULTS

Total and Projected Enrollment (This figure includes the following: those who have actually been enrolled in programs, those whom program operators have estimated will enter during the life of their current contract, or in new contracts just funded.)	**24,560**
Individuals Served to Date	**16,970**
Individuals who completed the program	**13,070**
Individuals Placed in Jobs (This figure represents the number placed of those who have been served.)	**7,230**
Completed Retraining or On-the-job Training (Of those served, estimated minimum who have completed, or are scheduled to complete, classroom training or on-the-job-training.)	**4,000**
Total JTPA Title III Allocations (Includes steel and copper specific allocations)	**$33,000,000**
Total Company Contributions (This figure does not include in-kind contributions of staff, equipment and facilities.)	**6,782,000**
Future Company Contributions (This figure represents what companies have committed to provide, over the three-year contract period, for worker adjustment and training.)	**11,055,000**

As with all such information related to program results, the reader must be cautioned that these figures are approximate. In some cases they represent incomplete data, since, for example, planned enrollment figures may have been included for programs which have just recently started and where no participation or placement data exists. Retraining and on-the-job training figures are often, at best, inadequate. Since the U.S. Department of Labor does not require that it be collected by states, states do not often require that program operators submit that information to them. Therefore, data collected in this program area is inconsistent across states and across fiscal years. This Directory represents project results and funding approvals as of July 31, 1986.

USWA District 1

William J. Foley, Director

Local Unions:	Areawide program for all affected locals
Company:	Thompson Steel and Wire, Meyer World Manufacturing, Phalo, Worcester Control and others
Center Name and Location:	USWA Worker Assistance Center 55 Myrtle St. (Local 2936 Union Hall) Worcester, MA 01608
Target Population:	Steelworkers laid off from any companies employing steelworkers. Outreach to 1500
Dates of Program Operation:	July, 1984 to July, 1987
PIC/SDA or Other Agencies Involved:	South Worcester Co. SDA, which receives its funds from the State Industries Services program
Status:	Active

Funding/Resources/In-Kind Contributions:
$159,000 State Title III

This includes staff at the Dept. of Employment Security	$275,000 for July 1986, to complete July, 1987
Project contact:	Kevin Johnson, (617) 753-8350

Comments:
The program is operated out of a local union hall. The center provides outreach and referral to support services which is provided by special staff at the Employment Security Division, located close by. Together with the above agency, the program provides job search assistance, retraining, testing and assessment, OJT and GED training. The center also provides a health plan at reduced cost for those who are in full-time retraining. The program is offered in cooperation with the United Way and the State Industrial Services program. This center also offers services to any dislocated worker.

Program results:	300 (approx.) placed 51 OJT 20 completed or in training

USWA District 4

Louis J. Thomas, Director

Local Unions:	3734, 2601, 2602, 2603, 2604, 3144, 4774
Company:	Bethlehem Steel Corporation
Center Name and Location:	Dislocated Steelworker Program 699 Main St. Buffalo, NY (215) 694-2800
Target Population:	1200 affected workers 700 planned enrollment
Dates of Operation:	February 1, 1986 projected through January 31, 1987
PIC/SDA or Other Agencies Involved:	Buffalo-Erie County Private Industry Council
Status:	Active

Funding/Resources/In-Kind Contributions:

Company	$ 200,000	Bethlehem Steel
Public	1,270,000	Fed. Steel Title III plus New York State Title III

Project Contact:	Pat Quigley, (716) 856-8705
USWA Peer Counselors:	Joseph A. Haefner, Francis X. Greene, Martin Szarek

Comments:

The center is operated by the Buffalo-Erie County PIC with oversight from a committee composed of a company representative, a USWA international representative and the PIC director of operations. The PIC serves as the Title III grant recipient.

The center is located at the PIC's facilities in downtown Buffalo. Center staff and the oversight committee currently are considering establishing satellite locations depending on the level of activity and interest in center services. The center offers a full range of services including orientation, job search workshops, a sophisticated computerized job development and placement program, individual counseling, retraining, OJT, aptitude and interest tests and social services referral as appropriate.

The three USWA peer counselors work specifically with laid-off Bethlehem steelworkers but also, when time is available, work with laid-off steelworkers from LTV and Republic Steel (USWA Locals 13276, 13145, 5578, and 2857). The union peer counselors are involved in a very intensive outreach and recruitment program to identify and contact unemployed steelworkers and encourage their participation in the assistance program. Part of the center's outreach function, including a portion of USWA peer counselor's salaries, will be supported by Title III funds from the neighboring Chatuaqua County PIC. Other dislocated workers in the area are also served by this center. Steelworkers may also use centers operated by other PICs in the surrounding area.

Program Results:	None yet. Program recently began.

USWA District 4

Louis J. Thomas, Director

Local Union:	4276
Company:	Phillips E.C.G.
Center Name and Location:	Resource and Placement Center Academy Square Seneca Falls, NY 13148
Target Population:	950 workers received orientations More layoffs expected
Dates of Program Operation:	July 1985 to May 1987
PIC/SDA or Other Agencies Involved:	Ontario County Division of Human Services and other area agencies as appropriate
Status:	Active

Funding/Resources/In-Kind Contributions:

Company		Contributed some equipment for the center
Public	$ 50,000	NYS Governor's Discretionary Funds
	$ 87,000	NYS Title III Formula Funds
	$300,000	Federal discretionary Title III

Project Contact:	Allen Brunner, (315) 568-2963
USWA Liaisons:	Faye Seeley, Joe DeMaio

Comments:

This is a community center which serves dislocated workers over a five county area. It was initiated by a community task force which the USWA helped to organize. The director of the center is an employee of the New York State Job Service. The Ontario County Commissioner of Human Resources is the grant recipient. Other center staff are detailed from a range of area employment and training agencies. Clients are referred to area junior colleges and secondary voc. tech. programs for retraining. The program offers a comprehensive range of services including outreach, intake, testing and assessment, job search instruction, job placement assistance, job development, career and educational counseling, basic education, occupational retraining, OJT and referral to social services.

Program Results:	950 workers oriented 500 received indiv. counseling 400 tested (GATB and interest test) 225 enrolled in training 380 job placements

USWA District 4

Louis J. Thomas, Director

Local Unions:	12457, 12660
Company:	Allied-Signal, Chemical Sector
Center Name and Location:	Allied/USWA Hourly Career Center 1700 Milton Ave. Solvay, NY 13209 (315) 487-4819
Target Population:	922 laid off to date 200 eligible for retirement
Dates of Operation: (projected)	January 14, 1986 to January, 1987
PIC/SDA or Other Agencies involved:	Central NY Private Industry Council
Status:	Active

Funding/Resources/In-kind Contributions:

Company	$500,000 in addition to providing a center site, equipment and expendable materials; also a project coordinator.
Public Funds	Private Industry Council: Staff State Education: Retraining TRA: Retraining, relocation, income extension benefits (see below)

Project Contact:	Tom Shaw
USWA Liaisons:	Jessie Seymore, Dean Macris

Comments:

The center offers a full range of services, including orientation, job search workshops, job development and placement, individual counseling and resume development. Workers are referred to the PIC regional dislocated worker center for retraining, job matching and OJT. The PIC also assists with area wide job development. No dollar amounts are provided for the public agencies since services only are provided. New York State does provide up to $1500 per person for retraining. An arrangement has been made with the Air Force for free occupational skill/vocational aptitude testing.

Staff will make follow-up arrangements with the PIC regional program before center closes to assure continued assistance for workers still engaged in retraining or job search. The center may close in September, 1986.

Project Results:	503 served 150 placed 60 in Training

USWA District 4

Louis J. Thomas, Director

Local Unions:	2189, 6599, 2693, 7389
Companies:	True Temper Shovel Plant Roblin, Inc. Altech, Inc. Plymouth Tube, Inc.
Center Name and Location:	Chatauqua County Reemployment Program 418 Central Ave. Dunkirk, NY 14048
Target Population:	350 total steelworkers to be served—all companies
Dates of Program Operation:	April 1986—February 1987 for companies other than True Temper. Anticipated start date of July 1986 for True Temper
PIC/SDA or Other Agencies Involved:	Chatauqua County Reemployment Program
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$220,000	Federal Steel Title III
	$ 30,000	PIC (formula Title III)

Applying for a $627,000 federal discretionary Title III grant which would serve True Temper employees and other (non-steel) workers as well. About a third of the grant would be allocated to True Temper workers.

Project Contact:	Jane Cleaver, (716) 753-4271
USWA Liaison:	Ralph Letersky, (716) 753-4271

Comments:

The Chatauqua County Reemployment Program has recently started a dislocated worker center for steelworkers laid off from three companies (Roblin, Altech, and Plymouth Tube) with funding from a federal steel Title III grant. The center itself provides orientation, job search instruction, testing and assessment, and customized/company-specific retraining, individual counseling, social services referrals and other services as needed. The program is closely coordinated with the Chatauqua PIC and local vocational training institutions.

An additional federal Title III grant is being sought to serve True Temper workers and other workers who are not USWA members. (The True Temper workers, though USWA members in the steel industry, were not included in the SIC codes for which federal steel Title III funds can be used.) Even though funding has not yet been received for services to True Temper workers, the program has already begun on an informal basis. The company is allowing the center to use the plant premises to orient workers and provide counseling on site.

Program Results:	Center just opened, new grant not yet approved.

USWA District 7

John H. Reck, Director

Local Unions:	4889, 5030, 5116, 5812
Company:	U.S. Steel Corporation & Trans-America/DeLaval
Center Name and Location:	Mercer County Community College 1200 Old Trenton Road Trenton, NJ 08690
Target Population:	425
Dates of Operation:	October 1984—June 1985
PIC/SDA or Other Agencies Involved:	Mercer County Community College— Mercer County PIC
Status:	Completed

Funding/Resources/In-Kind Contributions:

Project Contact: Tony Mennuti, (609) 586-4800

Comments:

A one day orientation was held for all those affected. Individuals were referred to support and other services. The community college and Vo-Tech school enrolled others in training, then assisted with their placement.

Program Results:

Participated:	120
Training:	49
Placed:	26

USWA District 7

John H. Reck, Director

Local Union:	6130
Company:	Allied—Signal (Prestolite Division)
Center Name and Location:	Allied Prestolite/USWA Reading Worker Assistance Center Reading, PA
Target Population:	235
Dates of Operation:	October 1985 to May 1986
PIC/SDA or Other Agencies Involved:	Berks County PIC
Status:	Completed

Funding/Resources/In-Kind Contributions:

Company	$100,000 Allied—Signal (approx.)
Public	$100,000 Pa. Formula Title III (approx.)
Total	$200,000 (approx.)

Project Contact:	Edward Bocik
USWA Liaisons:	Stanley Dutt, Karl Bolognese

Comments:

The Allied Prestolite/USWA assistance center was operated by company and union staff at the plant site with the assistance of the Berks County PIC. The program offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, GED certification, occupational retraining, OJT, personal financial counseling, and referral to social services. The PIC took lead responsibility for job development, testing and assessment, retraining and OJT services.

Program Results:	200 workers served 135 placed in jobs 68% job placement rate

USWA District 8

David Wilson, Director

Local Unions: 2609 & 2610

Company: Bethlehem Steel Corporation

Center Name and Location:
Bethlehem/USWA Sparrows Point
Worker Assistance Center
Bethlehem Sparrows Point Plant
Sparrows Point, MD 21219

Target Population:
3000 on layoff status covering past five years
1500 possibly to be laid off in 1986
1500 current planned center enrollment

Dates of Operation: September 16, 1985 projected through September 15, 1986

PIC/SDA or Other Agencies Involved: Baltimore County Occupational and Training Administration (affiliated with the Baltimore County PIC and SDA)

Status: Active

Funding/Resources/In-Kind Contributions:

Company	$125,000	Bethlehem Steel Cash Contribution
Public	540,000	Fed. Title III
	220,000	State Title III
	125,000	Baltimore County

Project Contact: Jerry Kernan, (301) 388-4391

USWA Liaisons: Jackuelin Thompson, Dwight Iler, Joanne Hill, Rosalie Siford

Comments:

The center is operated by the Baltimore County Occupational and Training Administration with oversight from a committee composed of a company representative, a USWA local representative and a representative of the Maryland State Department of Employment and Training. The PIC serves as the Title III grant recipient.

The center is located on Bethlehem Steel property at its Sparrows Point facility. The center offers a full range of services including orientation, job search workshops, job development and placement assistance, individual counseling, retraining, OJT, assessment services, entrepreneurial training and assistance and social services referral as appropriate. A number of entities provide services under this program including the Baltimore County Occupational and Training Administration, a private outplacement firm, and an area service unit of the AFL-CIO.

Program Results: None available at this time.

USWA District 8

David Wilson, Director

Local Union:	Statewide program
Companies:	Kennecott Minerals Corp. Other companies (See Comments below)
Center Name and Location:	Dislocated Worker Program Operated by the Maryland Department of Employment and Training 1123 Eutaw St. Baltimore, Md. 21201
Target Population:	650 workers laid off 150 planned enrollment
Dates of Program Operation:	June 1986—April 1987
PIC/SDA or Other Agencies Involved:	Baltimore Metropolitan Manpower Consortium Baltimore County SDA Maryland Dept. of Employment and Training
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$200,000 Federal Copper Title III
	50,000 State Title III

Baltimore County and Baltimore city are providing matching funds in the form of retraining and administration services.

Project Director: Vernon Thompson, (301) 383-7650

Comments:
This is a statewide program for copper workers coordinated by the Maryland Department of Employment and Training. The program is being operated out of local SDA's and workers are referred to other agencies as appropriate. The program started as an initiative to serve Kennecott copper workers. A waiver has now been requested to allow the Federal Title III copper funds to also be used to serve area dislocated steel industry workers. Outreach has begun to steelworkers who are employees of the following companies: ARMCO, Eastern Stainless, Shepard, Chase Steel, and Coppers.

Program Results: Not applicable at this time

USWA District 9

Paul J. McHale, Director

Local Union:	2670
Company:	U.S. Steel Corporation
Center Name and Location:	USS/USWA Fairless Dislocated Worker Assistance Center
Target Population:	228 affected workers 200 planned enrollment (80 Pennsylvania, 120 New Jersey)
Dates of Operation:	May 1984—December 1985
PIC/SDA or Other Agencies Involved:	Bucks County Private Industry Council State of New Jersey Title III Program
Status:	Completed

Funding/Resources/In-Kind Contributions:

Company	$140,000	U.S. Steel
Public	$356,208	Pa. Title III

New Jersey contributed staff and services in-kind.

Project Contact: Mary Ann Broderick, (412) 433-7131

Comments:

The center was operated by U.S. Steel in Fairless, Pa., on contract with the Bucks County PIC. The program concentrated principally on occupational retraining and related testing/assessment services. In-kind staff support was obtained from the State of New Jersey.

Program Results: The program served 112 workers. Of 56 Pennsylvania residents, 18 have been placed in jobs.

50

USWA District 9

Paul J. McHale, Director

Local Unions:	6061, 3355, 2026
Company:	U.S. Steel Corporation & other affected companies
Center Name and Location:	Burlington County College Pemberton, New York 08068
Target Population:	200 targeted
Dates of Operation:	January 1985—continued for the duration of the project
PIC/SDA or Other Agencies Involved:	Burlington County Community College
Status:	Completed

Funding/Resources/In-Kind Contributions:

Public	$1,000

Project Contact:	Sandy Schneider, (609) 894-9311

Comments:

The college held a one day orientation and testing session to determine interest in, and aptitude for retraining. Individuals were referred to training programs which provided opportunities for immediate placement after retraining.

Program Results:	60 completed orientation 6 completed retraining

USWA Districts 9 & 15

Paul J. McHale, Director, Dist. 9
Andrew V. Palm, Director, Dist. 15

Local Union: Areawide Program

Company: Bethlehem Steel Corporation

Center Name and Location: Bethlehem/USWA Worker Assistance Centers—Statewide Pennsylvania Locations in Williamsport (Community Action Office), Johnstown (United Way Building), Steelton and Lebanon (SETCO Offices), and Bethlehem/Lehigh Valley (Holy Ghost Church School)

Target Population: 1600 affected workers
1100 possible layoffs in the future

Dates of Operation: March 1, 1986 projected through February 28, 1987

PIC/SDA or Other Agencies Involved: Williamsport site: Lycoming-Clinton County Commission for Community Action
Johnstown site: Southern Alleghenies Planning and Development Commission
Steelton and Lebanon sites: Susquehanna Employment and Training Corporation
Lehigh Valley: Lehigh Valley PIC and a private outplacement firm

Status: Active

Funding/Resources/In-Kind Contributions:

Company	$315,000	Bethlehem Steel Cash Contribution
Public	305,000	State Title III grant
	283,000	Federal Title III grant
	700,000	Estimated PIC/Agency contributions

Project Contact: Martha Phelps, (215) 694-2800

(continued on next page)

USWA Liaisons:

Lehigh Valley:
Peer Counselors: John Kijak
Dale Bachman
Felix Quadrada
Outreach: Walter Perchinski
Johnstown:
Counselors: Richard Lees
John Bromberg
Steelton & Lebanon:
Peer Counselors: Jerry Himmer
Allen Yingst

Comments:

The five centers are operated by the local PICs or other entities as indicated above. At each location, the program is governed by an oversight committee composed of a representative from the USWA District, the program operator and the company.

Each program offers a full range of services including outreach, job search workshops, job development and placement assistance, individual counseling, retraining, OJT, assessment and social services referral, as appropriate.

Program Results:

For Lehigh Valley
Participated: 172
Placed: 43
Entrepreneurial program: 15

USWA District 15

Andrew V. Palm, Director

Local Unions:	1256 & 1270
Company:	U.S. Steel Corporation
Center Name and Location:	USS/USWA Mon Valley Job Search Assistance Program (with three sites: Pittsburgh, Ambridge and Duquesne)
Target Population:	15,000 to 20,000 estimated eligible for assistance
Dates of Operation:	May 1984—projected thru September, 30, 1986
PIC/SDA or Other Agencies Involved:	Allegheny County PIC
Status:	Active

Funding/Resources/In-Kind Contributions:

Company	$1,122,000 through December 1985
	277,000 estimated since December 1985
Public	1,200,000 for 1984 and 1985
	245,000 for 1986

Project Contact:	Mary Ann Broderick, (412) 433-7129
USWA Liaisons:	Robert Macy, James Staford

Program Description:

Mon Valley is the largest U.S. Steel/USWA program, covering terminated U.S. Steel employees in the Pittsburgh area. It has operated out of three sites—Pittsburgh, Ambridge and Duquesne—all on U.S. Steel property. The Pittsburgh and Duquesne sites are still operating. The Mon Valley program offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job clubs, employment and educational counseling, classroom retraining, OJT, job development and placement, testing and assessment, referral to social services, personal financial counseling, and more. A USWA peer counselor and a USWA clerk were on the center staff but recently found new jobs. The Allegheny County Department of Federal Programs is administering the most recent Title III grant which is used exclusively for retraining.

Program Results:

Through December 1985, the program served 2310 individuals and placed 55%. Since the beginning of 1986, 401 persons have been enrolled and 61 placed.

USWA District 15

Andrew V. Palm Director

Local Union:	302
Company:	Alcoa at New Kensington, PA (Logans Ferry Works)
Center Name and Location:	Not applicable
Target Population:	50 workers scheduled for layoff
Dates of Program Operation:	Proposed to begin as soon as possible
PIC/SDA or Other Agencies Involved:	
Status:	Project has been proposed to Alcoa at corporate. Pending

Funding/Resources/In-Kind Contributions: (Proposed)

Company	$77,000
Public	$77,000 Pennsylvania Title III

Comments:

The Alcoa/USWA program proposal recommends a comprehensive range of worker adjustment services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, GED certification, occupational retraining, OJT, personal financial counseling and referral to social services.

USWA District 20

Anthony Rainaldi, Director

Local Union:	1212
Company:	LTV Corporation
Center Name and Location:	Midland Center for Career Development 617 Midland Ave. Midland, PA 15059 (412) 643-1350
Target Population:	3,200 affected workers 1,000 targeted for assistance
Dates of Operation:	9/26/83 projected through June 30, 1986
PIC/SDA or Other Agencies Involved:	Beaver County PIC
Status:	Active

Funding/Resources/In-Kind Contributions:

Company	$300,000 Cash from Company-Union Fund
Public	$316,000 Pennsylvania Title III (actual expenditures)
	$100,000 Ohio Title III (actual expenditures)
	$200,083 Federal Title III (actual expenditures)
	$ 77,000 Federal "PSI" Title III (actual expenditures)

Project Contact:	Stan Ledzinski, (412) 643-1350
USWA liaisons:	Gregory Hill, Lois Zigerelli
USWA Contact:	Ron Friess

Comments:

The Midland Center for Career Development is one of the earliest centers in which the USWA has taken a very active part. It is administered and staffed by the Midland Center for Career Development, a non-profit organization and is governed by a Company/Union Committee consisting of an equal number of USWA and LTV representatives. The committee also oversees the administration of the special company/union fund that was established to support worker adjustment efforts. The Midland Center also has a community advisory board to assist with accessing resources and services for workers. The center operates out of the local union hall.

The center offers a comprehensive range of services including extensive outreach and recruitment, job search instruction, testing and assessment, basic education, GED certification, OJT, classroom training, individual career and educational counseling, financial counseling and referral to social services.

This project included a special worker outreach program using USWA local 1212 members in an intensive door-to-door campaign to over 500 workers.

Program Results:	1247 workers completed job search instruction 481 job placements 68 now in school

USWA District 20

Anthony Rainaldi, Director

Local Union: 1211

Company: LTV Corporation

Center Name and Location: Aliquippa Center for Career Development
503 Franklin Ave.
Aliquippa, PA 15001
(412) 378-3722

Target Population: 8,000-10,000 eligible for assistance
500 participants, current program goal
Submitted proposal to serve 1000 more workers

Dates of Operation: June 19, 1985 projected through June 30, 1986
Submitted proposal for continuation of this program

PIC/SDA or Other Agencies Involved: Beaver County PIC

Status: Active

Funding/Resources/In-Kind Contributions:

Company	$110,000	Cash contributed to date (from Company/Union Fund)
Public	$123,536	Spent to date (from Midland Center Title III funds—see Midland Center for Career Development)

A proposal has been submitted to the federal government for $1,300,000 to serve an additional 1,000 workers.

Project Contact: Stan Ledzinski, Director (412) 643-1350

USWA Liaison: Rich Vallecorsa

Program Description:

The Aliquippa center is administered and staffed by the Midland Center for Career Development, a non-profit organization that operates the USWA/LTV assistance center at the LTV Midland site. The program is governed by an oversight committee composed of an equal number of LTV and USWA representatives and is operated out of the local union hall. The program also has a community advisory board to assist with accessing resources and services for workers.

The center offers a comprehensive range of services including extensive outreach and recruitment, job search instruction, testing and assessment, basic education, GED certification, OJT, classroom training, individual career and educational counseling, financial counseling and referral to social services.

To date, the center has been supported by funds internal to the Midland Center for Career Development. A federal Title III grant proposal for $1.3 million has been submitted to continue center operations at Aliquippa.

Program Results:
439 completed job search instruction
113 job placements
74 currently in school

USWA District 20

Anthony Rinaldi, Director

Local Union:	1360
Company:	ARMCO Tubular
Center Name and Location:	ARMCO/USWA Career Center 1329 Merchant St. Ambridge, PA 15003 412-266-1460
Target Population:	2400 workers laid off 345 participants, program goal A grant application has been approved to serve an additional 500 clients
Dates of Operation:	June, 1986, projected through June, 1987
PIC/SDA or Other Agencies Involved:	None
Status:	Active

Funding/Resources/In-Kind Contributions:

Company	$ 97,000 ARMCO currently is paying for the entire program
Public	746,000 State Title III

Project Contact:	Stan Ledzinski, (412) 643-1350
USWA Liaisons	Tim Johnson, (412) 869-3733

Program Description:

The ARMCO center is administered and staffed by the Midland Center for Career Development, a non-profit organization that operates the USWA/LTV assistance center at the LTV Midland site. The program is governed by an oversight committee composed of an equal number of ARMCO and USWA representatives and is operated out of the local union hall.

The center offers a comprehensive range of services including extensive outreach and recruitment, job search instruction, testing and assessment, basic education, GED certification, OJT, classroom training, individual career and educational counseling, financial counseling and referral to social services.

To date, the center has been supported entirely by ARMCO.

Program Results:	None available; the program began in May 1986.

USWA District 23

James Bowen, Director

Local Union:	
Companies:	Kaiser Aluminum Wheeling-Pittsburgh Steel Weirton Steel
Center Name and Location:	Statewide program operated through the West Virginia Department of Employment and Training. 5790-A MacCorkle Ave. S.E. Charleston, W.Va. 25304
Target Population:	550 to be recalled or upgraded
Dates of Program Operation:	September 1985—August 1987
PIC/SDA or Other Agencies Involved:	West Virginia Department of Employment and Training
Status:	Active

Funding/Resources/In-Kind Contributions:

Companies	$2,000,000	Retraining and staff expenses
Public	$ 800,000	W.Va. Formula Title III
Public	$ 400,000	Federal Steel Title III

Project Contact: Paul Skaff, (304) 348-5920

Comments:
As a result of local agreements between the companies and local unions, workers are being trained and upgraded and others are being recalled to fill in the slots being vacated by those being upgraded. The project itself is a joint effort between the companies, the local unions, and the state.

Program Results: 256 workers upgraded to date
150 recalled

USWA District 23

James Bowen, Director

Local Union: 12625

Company: FMC

Center Name and Location:
West Virginia Department of Employment Security Job Service Office
211 Broad St.
Charleston, W.Va. 25301

Target Population: 200 planned enrollment

Dates of Program Operation: June 1986—June 1987

PIC/SDA or Other Agencies Involved: Kanawha County PIC, W.Va.

Status: Active

Funding/Resources/In-Kind Contributions:
Public $550,000 Federal Discretionary Title II

Project Director: Ann Offutt, (304) 348-0342

Comments:
This program is operated for FMC workers only by the Kanawha County PIC. The program offers a comprehensive range of services including outreach and recruitment, job search instruction, job placement assistance, testing and assessment, career and educational counseling, occupational retraining, OJT and referral to social services. Workers enroll at the Job Service office and are referred to the PIC or one of the two subcontractors on this program. One subcontractor is responsible for job search related services; the other for OJT.

USWA District 23

James Bowen, Director

Local Unions: Jurisdictions covered include Hopkinsville, Owensboro, Louisville, Covington, Ashland, Lexington, Corbin, and Paducah.

Companies: Kent Electric, Kentucky Metal, National Standard, Green River Steel and others

Center Name and Locations: Statewide Dislocated Steelworker Program, Kentucky Department of Employment Security

Target Population: 1075 target population

Dates of Program Operation: October 1, 1985—October 1, 1986. Will ask for an extension to two years.

PIC/SDA or Other Agencies Involved: Kentucky Dept. of Employment Security

Status: Active

Funding/Resources/In-Kind Contributions:
Public $1,200,000 Federal Steel Title III

Comments:
This program, targeted at dislocated steelworkers, operates through the Kentucky Department of Employment Security. A staff specialist at each of seven Job Service offices interviews laid-off steelworkers and refers them as appropriate to area agencies and schools for assistance. The Title III grant provides retraining and other support for services to these workers.

Project Contact: Alan MacDonald, (502) 896-2881

Program Results:
596 Enrolled
19 Classroom Training
8 Basic Education
40 OJT
80 Placed in Jobs to Date

USWA Districts 27, 28

Joseph M. Coyle, Director, Dist. 27
Frank J. Valenta, Director, Dist. 28

Local Union:	Areawide program
Company:	Not Applicable: statewide program
Center Name and Location:	"Steelworkers' Re-employment Challenge" 15 Short St. Campbell, OH 44405

Statewide Steel Initiative program in Ohio to be operated under the supervision of the Human Resources Development Institute (HRDI) of the AFL-CIO in cooperation with the USWA. Contract is with the Ohio Bureau of Employment Services. Project sites are in: 1) the Canton-Massillon area, 2) the Youngstown area (Trumbell County/Columbiana County/Mahoning County) and 3) the Cleveland-Lorain area. The principal program administrative office is located in Campbell, Ohio, near Youngstown, OH.

Target Population:	An estimated 32,000 steelworkers in State of Ohio affected by plant closings and major layoffs (layoffs of more than 2000) 900 workers are targeted to be served under this program
Dates of Operation:	Oct. 1, 1985—Sept. 30, 1986 originally planned Actual operations began April 1986 at the Cleveland-Lorain site Start up for the Youngstown and Canton sites was June 10, 1986 Operations at each site are projected for one year
PIC/SDA or Other Agencies Involved:	United Labor Agency, Inc. Job Training Partnership in Canton, OH Youngstown Employment and Training Corporation
Status:	Active

Funding/Resources/In-Kind Contributions:

Company		LTV Corporation has donated facilities for the program coordination office in Campbell, OH. Other companies donated equipment.
Public	$375,000	Ohio Formula Title III
	$700,000	Federal Steel Title III

(continued on next page)

Project Contact:	Bert Cene Jr., (216) 755-2185
USWA Liaisons:	Campbell: Jack Tedrow Richard Maiorama Richard King (also Warren) Canton: Fred Hartzell

Program Description:

The program is operated by HRDI on contract with the Ohio Bureau of Employment Services. The program is currently operating out of three sites all of which have opened recently as indicated above. HRDI is responsible for outreach, recruitment, peer counseling, job search workshops, job clubs and referrals as appropriate. Major subcontracts include: 1) the Job Training Partnership in Canton, OH is responsible for client certification, support services, OJT, CRT and some testing and assessment at the Canton site; 2) there is a non-financial agreement with the Youngstown Employment and Training Corporation to provide 100 OJT slots at $6.00/hour; 3) the United Labor Agency in Cleveland has a subcontract to provide comprehensive services to workers in the Cleveland area.

Program Results:	Programs just began operation.

USWA District 27

Joseph M. Coyle, Director

Local Unions:	All affected Steelworkers in Youngstown area
Companies:	Area wide program. Many companies
Center Name and Location:	Youngstown Employment and Training Corporation (YETC) Dislocated Worker Program 9 West Front St. Youngstown, OH 44503
Target Population:	23,600 steel-related dislocated workers in Youngstown area 240 planned enrollment
Dates of Program Operation:	Nov. 1, 1985 to June 30, 1987
PIC/SDA or Other Agencies Involved:	Youngstown PIC, Ohio SDA #29
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$600,000	Ohio Title III
	770,000	Federal Discretionary Title III (for OJT)
	196,000	Ohio Title III

Comments:

This program, operated by the Youngstown Employment and Training Corporation, serves all dislocated workers in the area. The program offers a comprehensive range of services including outreach and recruitment, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, occupational retraining, OJT, personal counseling and referral to social services. HRDI is providing outreach and recruitment services in conjunction with the USWA for this program.

Project Director:	Ron Harvischak, (216) 747-5639 ext. 25
USWA Liaison:	John Cruz
Program Results:	144 enrolled 47 completed 27 placed in jobs

USWA District 27

Joseph M. Coyle, Director

Local Union: 1512

Company: Ohio Ferro Alloys

Center Name & Location: Central Ohio Rural Consortium
(CORC)
33 West Main St.
Newark, OH 43055

Target Population: 268 workers on permanent layoff from Ohio Ferro-Alloys
175 planned enrollment

Dates of Program Operation: July 1, 1984—Sept. 30, 1985

PIC/SDA or Other Agencies Involved: Central Ohio Rural Consortium

Status: Completed

Funding/Resources/In-Kind Contributions:

Company	Company donated equipment for training	
Public	$208,000	Ohio Title III Formula
Public	$ 30,700	Training match
UI	$ 46,222	

Project Director: Gregory D. Wince, (614) 345-9707

USWA Liaison: Cliff Paynter

Comments:

The Ohio Rural Consortium (CORC) operated this program. The program offered a comprehensive range of services to laid-off Ohio Ferro Alloys workers including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, occupational retraining, OJT, personal counseling and referral to social services.

Program Results: 86 job placements, 1 new business
175 workers served
$7.00 average wage at placement

USWA District 28

Frank J. Valenta, Director

Local Unions:	1104, 1298, 2287, 23544 and 2662
Company:	U.S. Steel Corporation
Center Name and Location:	USS/USWA Lorain-Cuyahoga Job Search Assistance Center (with locations in Lorain and Cleveland) 4300 East 49th St. Cleveland, OH 44125
Target Population:	The original proposal identified 1105 workers eligible for assistance
Dates of Operation:	June 1984—June 1985
PIC/SDA or Other Agencies Involved:	United Labor Agency, Cleveland
Status:	Completed

Funding/Resources/In-Kind Contributions:

Company	$292,000	U.S. Steel
Public	$300,000	Ohio Title III Formula

Project Contact:	Mary Ann Broderick, (412) 433-7129

Program Description:

The program was operated by U.S. Steel with oversight by a company/union steering committee. It operated at two sites, one in Cleveland, the other in Lorain. The program offered a full range of services including orientation, job search workshops, job development and placement, individual counseling, retraining, OJT, aptitude and interest tests and social services referrals as appropriate. The United Labor Agency subcontracted with U.S. Steel for retraining and related services.

Program Results:	558 workers served 295 job placements

USWA District 29

Harry E. Lester, Director

Local Union: 1299

Company: Great Lakes Steel

Center Name and Location:
The Downriver Community Conference
15100 Northline
Southgate, Michigan 48195

Target Population: Originally targeted to steelworkers laid off from Great Lakes Steel and McLouthSteel, then expanded to include all steelworkers in the region. Estimated 2500 hourly and 300 salaried eligible. The program served 618 persons

Dates of Operation: Started March 1983, expanded in March 1984, completed June 30, 1985

PIC/SDA or Other Agencies Involved: Downriver Community Conference

Status: Active

Funding/Resources/In-Kind Contributions:
Public $1,150,000 Federal Title III
A small portion of another $500,000 Title III also served these workers.

Project Contact: Nancy Nagle, (313) 281-0700

Program Description:

This regional program was operated specifically for steelworkers by the Downriver Community Conference. The program offered a wide range of services including outreach and recruitment, orientation, job search instruction, job clubs, employment and educational counseling, classroom retraining, OJT, customized job training, job development and placement, testing and assessment, referral to social services, personal financial counseling, and more. The USWA assisted in worker outreach and is represented on the local PIC which coordinated with the Downriver Community Conference on this program.

Program Results:
618 workers served
405 placed in jobs at an average wage of $7.59/hour

USWA District 29

Harry E. Lester, Director

Local Union: 15496

Company: Manistee Forge Co.

Center Name and Location:
Steelworker Reemployment Program
(for Iron Ore Workers)
401 River St.
Manistee, MI 49660

Target Population: 180 Manistee workers

Dates of Program Operation: January 1986—January 1987

PIC/SDA or Other Agencies Involved: Northwest Michigan Consortium

Status: Active

Funding/Resources/In-Kind Contributions:
Public $139,490 State Title III

USWA Contact and Program Director: Cliff Adamski, (616) 723-6547

Program Description:
This is one of three programs in Michigan that is operated through the Michigan State AFL-CIO LEAD program: LEAD serves as the Title III grant recipient for the program. The program is directed by a former steelworker, Cliff Adanski. It offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, occupational retraining, OJT, personal counseling and referral to social services.

Program Results:
41 Enrolled
5 Placed
2 OJT

USWA District 29

Harry E. Lester, Director

Local Unions:	2659 & 1299
Company:	McLouth Steel Great Lakes Steel
Center Name and Location:	Steelworker Reemployment Program (for iron ore workers) 17820 Telegraph Rd. Brownstown Township, MI 48174
Target Population:	5000 laid off 223 target enrollment
Dates of Program Operation:	January 1986—January 1987
PIC/SDA or Other Agencies Involved:	
Status:	Active

Funding/Resources/In-Kind Contributions:

Public:	$384,310	State Title III

Program Contact:	Jack Richmond, (313) 941-5555
USWA Liaisons:	Lonnie Mullins, Booker Moon

Program Description:

This is one of three programs in Michigan that is operated through the Michigan State AFL-CIO LEAD program: LEAD serves as the Title III grant recipient for the program. The program is directed by a former steelworker. It offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, occupational retraining, OJT, personal counseling and referral to social services.

Program Results:	25 in training 15 placed 10 OJT 115 enrolled to date

USWA District 29

Harry E. Lester, Director

Local Unions:	Area-wide program for non-basic steel, metro Detroit
Company:	All affected non-basic steel companies in the area
Center Name and Location:	The program is operated out of the Wayne Co. PIC Project Offices 33057 Schoolcraft Road Livonia, MI 48150
Target Population:	200, targeted to be placed: 100
Dates of Program Operation:	1 year, beginning July, 1986
PIC/SDA or Other Agencies Involved:	Wayne Co. PIC
Status:	Active

Funding/Resources/In-Kind Contributions:
$200,000 Title III Federal Discretionary

USWA Liaison and contact: Thelbert Varner, (313) 261-3420

Comments:

This project serves Steelworkers only, but is a part of a larger grant to serve other displaced workers. The center provides the typical range of services. A particular emphasis is on intensive job development with employers in the area.

Project Results: Project just began

USWA District 30

Edward O. Zeuch, Director

Local Unions: 1054 & 3601

Company: Continental Steel Corporation

Center Name and Location:
Continental Steel Dislocated Worker Assistance Program
North Central Indiana Private Industry Council/Employment and Training Consortium, Inc.
402 N. Broadway
Peru, Indiana 46970
(317) 473-5571

Target Population:
1138 laid off, 900 were USWA members
550 planned enrollment

Dates of Program Operation: June 1986—December 1987

PIC/SDA or Other Agencies Involved: North Central Indiana Private Industry Council and other SDAs/PICs as appropriate

Status: Active

Funding/Resources/In-Kind Contributions:

Public	$ 50,000	SDA-allocated Title III
	100,000	Indiana Formula Title III
	1,000,000	Federal Discretionary Title III

Project Contact: Pam Anderson, (317) 473-5571

Comments:
The State of Indiana received approval of the $1,000,000 Federal Title III grant in mid-June of 1986. The North Central Indiana Private Industry Council/Employment and Training Consortium will provide a comprehensive range of services to laid off Continental Steel employees including outreach and recruitment, orientation, job search instruction, job placement assistance, job clubs, testing and assessment, career and educational counseling, job development, basic education, GED certification, occupational retraining, OJT, personal and financial counseling, and referral to social services.

Program Results: The program is just beginning operations.

USWA District 31

Jack Parton, Director

Local Union: 1010

Company: Inland Steel

Center Name and Location:
USWA/Inland/USS Job Search Center
1414 Fields Street—Building C
Hammond, Indiana 46320

Target Population: 2700 originally eligible for assistance
Later expanded to 5000

Dates of Program Operation: April 1, 1985 through March 31, 1986 for the first grant. September 15, 1985 projected through September 16, 1986 for the second grant

PIC/SDA or Other Agencies Involved: Lake County PIC

Status: Active

Funding/Resources/In-Kind Contributions:

Public	$1,100,000	Indiana Title III
Public	$ 583,850	Federal Steel Title III

Project Director: Nick Compton, (219) 853-7775

USWA Liaison: J. C. Porter

Program Description:

The USWA/Inland center is governed by a company/union oversight committee and operated by an outplacement firm. The center offers a comprehensive range of services including outreach and recruitment, job search instruction, assessment, basic education, training, individual career and educational counseling and referral to social services. It also offers an entrepreneurial program for those qualified.

Program Results: On the first grant:
813 served
502 job placements (including 161 recalls)
195 workers participated in retraining

USWA District 31

Jack Parton, Director

Local Unions: 1014, 2695, 1003

Company: U.S. Steel Corporation

Center Name and Location:
USS/USWA Gary Works Job Search Assistance Center
88 N. Bridge St.
Gary, Indiana 46404

Target Population:
Estimated 16,000 eligible
2580 originally planned
1240 served to date

Dates of Operation: June 1984 projected through September 1986.

PIC/SDA or Other Agencies Involved: USWA/Inland Center in Hammond, Indiana

Status: Active

Funding/Resources/In-Kind Contributions:

Company	$ 495,570	U.S. Steel
Public	$1,200,000	Indiana Formula Title III
	$ 112,150	Federal Title III

Project Contact: John Theuerkauf, (312) 944-5867

USWA Liaison: Alex Wheeler, Counselor

Program Description:

The center is operated by U.S. Steel with oversight by a company/union steering committee. It is located at the former American Bridge headquarters building. The center offers a full range of services including orientation, job search workshops, job development and placement, individual counseling, retraining, OJT, aptitude and interest tests and social services referrals as appropriate.

After September 1985 Title III funding of this program has been through a combined Federal Steel Title III grant with the USWA/Inland Center in Hammond, Indiana. The U.S. Steel center still operates, however, at its original site. A USWA counselor is on the center staff.

Program Results: Results through December 1985: 1240 enrolled, 575 placed in jobs.

USWA District 31

Jack Parton, Director

Local Union:	65
Company:	U.S. Steel Corporation
Center Name and Location:	USS/USWA Southworks Job Search Assistance Center 3426 East 89th St. Chicago, Illinois 60617
Target Population:	1180 originally targeted. 567 served through 2/85. Since March 1986, 400 scheduled for orientations, 213 in job search workshops
Dates of Operation:	July 1984—February 1985. Center reopened at end of March 1986 and is projected to operate until the end of August 1986
PIC/SDA or Other Agencies Involved:	Chicago Mayor's Office of Employment and Training Prairie State Community College President's Office of Education and Training (POET)
Status:	Active

Funding/Resources/In-Kind Contributions:

First Program (July 1984-February 1985):

Company:	$222,000	In-kind and cash contribution
Public:	160,000	Federal Title III

Second program (March 1986-August 1986):

Company:	$305,000	In-kind and cash contribution
Public:	500,000	Federal Title III

Project Contact:	Mary Ann Broderick, (412) 433-7129
USWA Liaisons:	Lupe Valadez, Harry Valadez

(continued on next page)

Comments:
The first program (July 1984-February 1985) was operated by U.S. Steel and the Chicago Mayor's Office of Employment and Training (MOET), with MOET taking full responsibility for the retraining elements of the program. The second program is operated by U.S. Steel. Coordination agreements for retraining and other services at the second center have been established with MOET, the Prairie State Community College, the President's Office of Education and Training and other agencies. A company/union program advisory committee (with possible community representation) is currently being established to oversee the program.

The second program is operated at the same facility as the first—on the U.S. Steel Southworks premises. Both the first program and the second offer a full range of services including orientation, job search workshops, job development and placement, individual counseling, retraining, OJT, aptitude and interest tests and social services referrals as appropriate. A USWA job developer is on the center staff.

Program Results:	First program: 567 served; 220 placed in jobs. Second program: 213 enrolled in job search workshops, 12 placed in jobs to date

USWA District 31

Jack Parton, Director

Local Union: 6787

Company: Bethlehem Steel Corporation

Center Name and Location: Bethlehem/USWA Dislocated Worker Assistance Program (Kankakee Valley)
Contact: Kankakee Valley Job Training Program
717 Michigan Ave.
P.O. Box 244
LaPorte, Indiana 46350
The program operates out of satellite offices in Portage and Michigan City, Indiana.

Target Population: 200 affected workers
150 planned enrollment

Dates of Operation: December, 1985 projected through October 31, 1986

PIC/SDA or Other Agencies Involved: Kankakee Valley Job Training Program (and Private Industry Council)

Status: Active

Funding/Resources/In-Kind Contributions:

Company	$28,000	Bethlehem Steel Cash Contribution
Co./Union	7,000	Company and union in-kind contribution
Public	54,000	Federal Title III grant
	72,000	PIC Title III funds (includes OJT match)

Project Contact: Linda Wolochansky (219) 362-1511

USWA Liaison: Morris Allen

Comments:

The program is operated by the Kankakee Valley Private Industry Council with oversight from a committee composed of a company representative, and a representative of the USWA International. The program operates out of two locations—one in Portage, Indiana, the other in Michigan City, Indiana—at satellite offices of the Kankakee Valley PIC.

The program offers a full range of services including orientation, job search workshops, job development and placement assistance, individual counseling, retraining, OJT, assessment services, and assistance and social services referral as appropriate.

Program Results: 26 persons enrolled to date.

USWA District 31

Jack Parton, Director

Local Unions:	All affected Steelworkers in the area
Company:	All affected companies in the area
Center Name and Location:	Prairie State College Dislocated Worker Program 202 South Halstead St. Chicago Heights, Illinois 60411 (312) 756-3110
Target Population:	600 workers laid off Steel, chemical and auto workers
Dates of Program Operation:	December 1984—June 1986
PIC/SDA or Other Agencies Involved:	Cook County
Status:	Completed

Funding/Resources/In-Kind Contributions:

Public	$500,000	Illinois Title III Formula

Project Contact:	Michael Townsend, (312) 756-7053
USWA Liaisons:	Marguerita Roberts, Margaret Miller, Ed Hojnacki

Comments:

This was a regional dislocated worker program operated by the Prairie State College, an area community college.

Program Results:	400 received orientation 140 received formal training 100 placed in jobs

USWA District 32

Obert J. Vattendahl, Director

Local Unions:	63 & 3720
Companies:	Northwestern Steel & Wire Co. Gate City Steel Co.
Center Name and Location:	Dislocated Steelworker Training Center RR #5 Dixon, Illinois 62021 (815) 288-5511
Target Population:	700 workers laid off since 1978 52 recalls recently
Dates of Program Operation:	Nov. 1, 1985—July 1986 Extension requested
PIC/SDA or Other Agencies Involved:	SDA # 4 Sauk Valley College (grant recipient)
Status:	Active

Funding/Resources/In-Kind Contributions:

Union	$ 2,000	USWA Local 63 Match
Public	$177,000	Federal Steel Title III
	$187,000	State & Local Match
	$ 2,500	City of Dixon Match

Project Director: Mike Hustad, Sauk Valley College

Comments:

This is a regional dislocated steelworker program operated through the Sauk Valley Community College. The program offers a comprehensive range of services including intake, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, basic education, GED certification, occupational retraining, OJT and referral to social services.

Program Results:

75 enrolled to date
55 received retraining
52 were recalled

USWA Districts 31 & 32

Jack Parton, Director Dis. 31
Obert J. Vattendahl, Director Dis. 32

Local Unions:	63, 3720 and others
Companies:	Interlake, U.S. Steel, LTV, Northwestern Steel & Wire, Bliss & Langhand, Bernside Steel, Inland Steel and others
Center Name and Location:	Steelworker and Cook County Retraining Program South Office 16501 S. Kedzic Parkway Markham, Ill. 60426 Local Union Hall 1053 13560 S. Indiana Ave. Riverdale, Ill. 60627 (312) 841-1645
Target Population:	700 Cook County 200 in Lee and Whiteside Counties
Dates of Program Operation:	November 1985—September 1986 (requesting an extension)
PIC/SDA or Other Agencies Involved:	Cook County President's Office of Employment and Training (POET) Thornton Community College Illinois Valley Community College Sauk Community College and others
Status:	Active
Project Director:	Fred Buettner, (312) 210-4306
USWA Liaisons:	Marguerita Roberts, Margaret Miller, Ed Hojnacki

Comments:
This program offers a comprehensive range of services including outreach, orientation, assessment, job search workshops, retraining, OJT, and referral services. A Community Task Force comprised of community, business, PIC, community college and other representatives advises the center. Some steelworkers are referred to other Illinois regional dislocated worker programs. 2500 workers have been referred, for example, to the College of DuPage Dislocated Worker Center. Peer counselors provide outreach and orientation at local union hall; also involved in demographic research and job search training. A remedial education program is being done by another college.

Funding/Resources/In-Kind Contributions:

Public	$700,000	Federal Steel Title III

Program Results:	374 enrolled 172 in retraining 64 placed in jobs 27 in OJT

USWA District 33

Eldon D. Kirsch, Director

Local Unions:	Regional Program
Company:	Regional Program
Center Name and Location:	Michigan USWA/AFL-CIO LEAD Copper Miners' Reemployment Program Displaced Miners Assistance Program P.O. Box 489 Marquette, Mich. 49855 (Program operated out of the Marquette Vocational Skills Center)
Target Population:	600 iron, copper and quarry workers
Dates of Program Operation:	June 1985 through June 1986 A program extension has been requested
PIC/SDA or Other Agencies Involved:	Regional Program
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$1,000,000	Federal Discretionary Title III
	500,000	Michigan Title III

The Michigan $500,000 is for OJT to support a Copper Mining ESOP. The OJT is required because job and skill classifications are being combined in the ESOP operation.

Project Contact:	Ron Hayes, Director, (906) 228-9334
USWA Liaisons:	Robert Pintar, Robert Holland

Comments:

This is a regional program that covers the Michigan Upper Peninsula and 8 counties in lower northeast Michigan. The center includes a main office and two satellite locations. The center is operated through the State of Michigan AFL-CIO LEAD program. The center director, Ron Hayes, is a former USWA miner. The program offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, GED certification, occupational retraining, OJT, personal and financial counseling, and referral to social services.

Program Results:

Enrolled: 650
Placed: 350
Completed or in training: 85
OJT: 115

USWA District 33

Eldon D. Kirsch, Director

Local Unions:	1437, 1938, 2660, 2705, 4108, 4757, 5296, 6115, 6860
Companies:	Butler Taconite Co. National Pellet Co.
Center Name and Location:	Nashwauk Reemployment Center P.O. Box 1028 Virginia, Minn. 55797
Target Population:	764 planned enrollment
Dates of Operation:	August 1985—September 1987
PIC/SDA or Other Agencies Involved:	North East Minnesota Office of Employment and Training
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$175,000	State Title III
	$540,000	Federal Steel Title III

Project Director: Rae Garmacher, (218) 749-1274

Comments:

This is a regional dislocated worker program intended primarily for steelworkers but the program will serve other workers desiring assistance. A Community Task Force has been established to assist the program. The program offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, occupational retraining, OJT and referral to social services.

Program Results:

835 enrolled
271 placed
125 in classroom training
125 in OJT

USWA District 35

Joe Kiker, Director

Local Unions:	8882, 7486
Company:	Perfection Hy-Test Company
Center Name and Location:	USWA/South Carolina AFL-CIO/Hy-Test Company Worker Assistance Project
Target Population:	250 workers affected by plant closing
Dates of Program Operation:	November 1985—June 1986

No other information available

USWA District 36

Thermon Phillips, Director

Companies: U.S. Steel
Bristol Steel, Fairfield, Alabama

Status: Cancelled

Comments:
Proposal was cancelled as of May 1986 because the majority of workers were recalled. Workers not recalled will receive help from other area programs.

USWA District 37

Jack R. Golden, Director

Local Union: 2708

Company: ARMCO

Center Name and Location: USWA/ARMCO Houston Worker Assistance Center

Target Population: 3100 workers affected by plant closing, 1100 active on date the closing was announced
852 workers served by the program

Dates of Operation: Center started Nov. 1, 1983
Center ceased operations June 30, 1984

PIC/SDA or Other Agencies Involved: Houston/Galveston Area Council PIC
Texas Employment Commission

Status: Completed

Funding/Resources/In-Kind Contributions:

Company	Figures not available	
Union	$120,000	USWA Local 2708 (in-kind staff support)
Public	$300,000	Federal Discr. Title III PSI for retraining

Project Contact: Fred Mabry, (713) 676-1141

Program Description:

The center, which operated in 1983 and 1984, was operated by ARMCO with oversight from a company-union steering committee and technical assistance from the Human Resources Development Institute and the National Alliance of Business. The center was staffed by company and USWA personnel and offered a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job clubs, employment and educational counseling, classroom retraining, OJT, job development and placement, testing and assessment, referral to social services, personal financial counseling, and more. It was located in the Pipe Mill Office of the ARMCO premises in Houston.

The Texas Employment Commission played a significant role in project planning and delivery of services, especially in terms of job placement assistance. The United Way and AFL-CIO Community Services Organization provided personal counseling, social services and referrals to area agencies as appropriate.

Program Results: 852 workers served.
729 classified as "active participants."
366 were placed in jobs.
287 were placed in jobs at $8.00/hour or more.

USWA District 37

Jack R. Golden, Director

Local Unions:	7756 & 2708
Companies:	Includes U.S. Steel Baytown Plant and ARMCO
Center Name and Location:	Displaced Worker Center Union Hall, Local 7756
Target Population:	140 participants
Dates of Program Operation:	Moved to Local 7756 Hall on May 13, 1985. Program completed on Dec. 31, 1985
PIC/SDA or Other Agencies Involved:	Lee College, Harris County, TX
Status:	Completed

Funding/Resources/In-Kind Contributions:

Public	$360,000	Federal Discr. Title III
	90,000	unspent and returned

Project Contact:	Ronald Rea
USWA Counselors:	Early Clowers O.P. Broussard

Comments:

The displaced worker center offered a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, occupational retraining, OJT and referral to social services.

Program Results:	140 workers served 75 in formal training 30 placed in jobs

USWA District 37

Jack R. Golden, Director

Local Unions:	Areawide program
Company:	All affected companies
Center Name and Location:	HRDI/USWA Texas Regional Steelworkers Assistance Program 9221 Wallisville Road P.O. Box 96130 Houston, TX 77213
Target Population:	432 to be served; total contract goal
Dates of Operation:	Grant originally scheduled for 11/1/85—6/30/86 Actual operations began March 1, 1986
PIC/SDA or Other Agencies Involved:	Houston-Galveston Area Council
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$756,000	Federal Steel Title III
	$150,000	Texas Formula Title III

Project Contact:	Eldon Soileau, (713) 674-8744

Program Description:

The program is operated by HRDI on contract with the State of Texas. Job search workshops have been subcontracted to Dr. Rea and Associates; OJT has been subcontracted to Reliable Resources, Inc.; client JTPA certification is performed by the Houston-Galveston Area Council. HRDI directly provides outreach/recruitment (working with the USWA), assessment/testing, peer counseling, job development and placement and referral services.

Program Results:	133 enrolled to date, 60 placed in jobs at an average of $8.00/hour

USWA District 37

Jack R. Golden, Director

Local Unions:	Regional Program
Company:	Alcoa, Reynolds and other firms
Center Name and Location:	Dislocated Worker Assistance Center (serving the Jones Mill-Arkadelphia-Benton Region of Arkansas). The main center will be in the USWA local union hall in Jones Mill, Arkansas; a satellite center will operate in Arkadelphia as needed
Target Population:	2270 hourly workers affected 570 managerial workers affected 600 participants projected participants
Dates of Operation:	Estimated September 1, 1986 projected to operate for one year
PIC/SDA or Other Agencies Involved:	Arkansas State AFL-CIO Arkansas Employment Security Division
Status:	State of Arkansas has received Title III steel funds, currently waiting for project funding

Funding/Resources/In-Kind Contributions:

Public	$265,724 Federal Tit. III
Union	No cost match from Arkansas State AFL-CIO for project oversight and direction

USWA Contact:	Fred Mabry, (713) 676-1141

Program Description:

This project will be operated by HRDI, with administrative oversight and direction from the Arkansas State AFL-CIO. HRDI will be responsible for day-to-day administration, outreach and intake, assessment and counseling, job search instruction, and referral to placement, training and other services. The Arkansas Employment Security Division (ESD) will assume responsibility for client certification, job placement assistance, OJT and supportive services. Clients interested in classroom training will be referred to state vocational institutions as appropriate.

Program Results:	None. Program not yet started.

USWA District 38

Robert J. Petris, Director

Local Union: 25

Company: ASARCO

Center Name and Location:
Asarco Resource Center
4716 N. Baltimore
Tacoma, Washington 98407

Target Population:
525 targeted
470 workers served to date

Dates of Program Operation: Sept. 1, 1984—June 1987

PIC/SDA or Other Agencies Involved: Washington Dept. of Employment Security

Status: Active

Funding/Resources/In-Kind Contributions:

Public	$400,000	Federal Title III 1985
	600,000	Federal Title III 1984

USWA Liaison and Project Director: Dale Griswold, (206) 759-2377

Comments:

The Asarco Resource Center is located in the local USWA union hall. The Title III grant recipient is the State of Washington Department of Employment Security. The program director is a former steelworker. The program offers a comprehensive range of services including outreach and recruitment, job search instruction, job placement assistance, testing and assessment, career and educational counseling, occupational retraining, OJT and referral to social services.

Program Results:
470 workers served to date
154 placed in training or OJT
238 in retraining

USWA District 38

Robert J. Petris, Director

Local Unions:	2102, 3267
Companies:	CF & I Steel Company C & W Rail IMF, Inc.
Center Name and Location:	Dislocated Steelworker Program P.O. Box 2070 Pueblo, Colorado 81004
Target Population:	2300 est. displaced workers
Dates of Program Operation:	Scheduled for 11-15-85 through 5-31-87
PIC/SDA or Other Agencies Involved:	Pueblo Area PIC
Status:	Active

Funding/Resources/In-Kind Contributions:

Company	CF & I Steel provided some equipment
Public	$400,000 Federal Steel Title III Trade Adjustment Assistance funds also were secured for these workers

Project Contact:	Mike Guagliardo, (303) 561-0730

Comments:

The Dislocated Steelworker Program is located at a USWA local union hall. All three center staff are steelworkers: Mike Guagliardo, Ernest Hernandez and Donald Cortiz. The program offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, occupational retraining (through local community colleges), OJT and referral to social services. The Pueblo County PIC has been active in supporting the program and providing services.

Program Results:	185 enrolled 101 placed in jobs 20 in training 10 OJT

USWA District 38

Robert J. Petris, Director

Local Unions: 392, 485, 4347, 4413, 4229, 5120, 692, 5486

Companies: Kennecott Minerals and support industry firms

Center Name and Location:
Resource Center for Dislocated Workers
Harmon Building
3540 South 40th
West Valley City, Utah 84120

Target Population:
Amex: 500 pending layoff
Kennecott: 5000
Other: 1000

Dates of Program Operation: July 1985—July 1986, expecting an extension through July 1987

PIC/SDA on Other Agencies Involved:

Status: Active

Funding/Resources/In-Kind Contributions:

Public $600,000 Federal Copper Title III
$ 30,000 State Community Economic Development Fund for a staff person dealing with mortgage and financial problems of workers

Trade Adjustment Assistance support also has been secured for these workers.

Project Director: Allen Ayoub, (801) 533-4653

Comments:

One central location and five support centers have been established for this program. Two sites are at USWA local union halls. 75 union officers have been trained to provide basic counseling and referral work to the centers. The centers are staffed to provide counseling, assessment, and referral to a wide variety of services and support programs.

Results:
685 Enrolled
243 Completed
191 Entered employment
147 OJT
402 Classroom training

USWA District 38

Robert J. Petris, Director

Local Unions:	3101, 6380, 8141, 330, 3103
Companies:	Oregon Steel and others
Center Name and Location:	Mt. Hood Community College Dislocated Workers Project Maywood Center Annex 102nd & N.E. Prescott Portland, OR 97220
Target Population:	600 steelworkers
Dates of Program Operation:	January, 1985 to June, 1987
PIC/SDA or Other Agencies Involved:	Portland PIC Multnomah PIC Portland Community College Mt. Hood Community College
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$700,000	State Title III 1985
	$680,000	State Title III 1986
	$600,000	State Title III 1987

Project Director and USWA Contact: Glen Shuck, (503) 252-0758

Program Description:

This program is operated by the Oregon Job Service (Title III grant recipient) and is directed by a former steelworker. The program now serves all dislocated workers in the area but was initiated by the USWA and others as a result of the Oregon Steel closure. Services are coordinated out of two centers with referrals to area community colleges and PICs for retraining and OJT as appropriate. The program offers a comprehensive range of services including outreach and recruitment, orientation, job search instruction, job placement assistance, testing and assessment, career and educational counseling, job development, basic education, occupational retraining, OJT and referral to social services.

Program Results:

52 steelworkers served to date
45 now working
3 in OJT
9 participated in voc. training

USWA District 38

Robert J. Petris, Director

Local Unions:	3736, 2701 & 5236
Company:	U.S. Steel Corporation
Center Name and Location:	USS/USWA Geneva Works Assistance Center Mail Station 24-A Box 510 Provo, Utah 84603
Target Population:	440 workers served, foundry only
Dates of Operation:	July 1984—January 1985
PIC/SDA or Other Agencies Involved:	Mountainland SDA
Status:	Completed

Funding/Resources/In-Kind Contributions:

Company	$ 66,700	Cash plus in-kind
Public	170,000	Federal discretionary

Project Contact: Mary Ann Broderick, (412) 433-7129

Program Description:

The center was operated by U.S. Steel and offered a full range of services including orientation, job search workshops, job development and placement, individual counseling, retraining, OJT, aptitude and interest tests and social services referrals as appropriate. In addition to company and Title III funding, 66 workers received training with support from Trade Adjustment Assistance.

Program Results: The program served 440 workers. 159 found jobs. 27 were placed in OJT. 62 were placed in retraining; an additional 66 received training through Trade Adjustment Assistance.

USWA District 38

Robert L. Petris, Director

Local Unions:	3736, 2701 & 5236
Company:	U.S. Steel Corporation
Center Name and Location:	USWA Local 2701 Dislocated Worker Center 1847 So. Columbia Lane, Orem, Utah 84058
Target Population:	Will serve any U.S. Steel workers previously laid off and expects to serve workers that will be laid off if U.S. Steel proceeds with plans to purchase foreign steel in lieu of production at this site
Dates of Operation:	July 1986—July 1987
PIC/SDA or Other Agencies Involved:	Mountainland SDA
Status:	Active

Funding/Resources/In-Kind Contributions:

Public	$380,000	Federal Steel Title III

Project Contact: Tim Rice, (801) 255-8533

Comments:

The USWA Local 2701 organized this program. The Executive Board of the local will administer the grant and the assistance center which will be located at the Local 2701 union hall. The program will offer a comprehensive range of services including outreach, orientation, job search counseling, OJT (through the PIC); occupational training, testing/assessment and career guidance (through area community colleges); personal counseling, referral to social services and other assistance as appropriate.

Program Results: None at this time

USWA District 39

Robert R. Guadiana, Director

Local Union:	7307
Companies:	Stauffer Chemical Timex
Center Name and Location:	Moly Corp./USWA Worker Assistance Project Nevada Employment Service Henderson, Nevada
Target Population:	4
Dates of Program Operation:	May, 1984, to September, 1984
PIC/SDA or Other Agencies Involved:	Nevada Dept. of Employment
Status:	Completed

Funding/Resources/In-Kind Contributions:

No separate Title III grant was made for this program. OJT costs were paid for by the Nevada Department of Employment.

Comments:

Three laid off steelworkers received on-the-job training for new jobs at the Moly Corp. The Nevada Department of Employment paid for the public sector portion of OJT costs.

Program Results:	3 OJT placements

USWA District 39

Robert R. Guadiana, Director

Local Unions: All workers affected by separation from employment at Anamax mining operations and Phelps Dodge

Company: Phelps Dodge

Center Name and Location: Project will be operated out of existing centers operated by the Arizona Department of Economic Security, P.O. Box 6123, Phoenix, AZ 85005

Target Population: 700 workers displaced in 1983, to include 350 to be laid off in July, 1986 Target population: 230

Dates of Program Operation: 1 year, to begin July 1986

PIC/SDA on Other Agencies Involved:

Status: Proposal approved

Funding/Resources/In-Kind Contributions:
$600,000 Federal Discretionary

USWA Contact: Benjamin Barela
(602) 888-8440

Comments:
Since workers have been laid off for two or more years, and most of their benefits are exhausted, copper workers will receive assessment, career counseling, on-the-job or classroom training and job placement assistance. Services will be provided through two dislocated worker centers. A portion of the participants will receive commuting assistance, relocation assistance, or food and shelter assistance.

Program Results: Project just approved.

Senator SIMON. We will also hold the record open for written statement from Dr. John Hague, President of the Corporation for Science and Technology, of Indianapolis, who could not be present this morning.

For witnesses, I might add, if you can summarize your written statements so we can move into questions, that would be appreciated.

Before we proceed with our first witness, let me call upon my distinguished colleague, Senator Hatch.

OPENING STATEMENT OF SENATOR HATCH

Senator HATCH. Thank you, Senator Simon. I appreciate that.

I want to commend you for holding this morning's hearing on the general issue of training for America's work force. We have already examined broad employment goals and the employment handicaps of disadvantaged youth and welfare recipients. Today's hearing, however, will supplement our previous discussions of the problems faced by specific groups of workers, with information on the methodologies for alleviating unemployment among these groups and others in need of assistance.

We have talked about the problems and now maybe we can focus a little bit more attention on the solutions.

I am particularly happy to welcome Mac Lovell here again. I have had the opportunity to work with him through the years, and I appreciate his leadership in these areas.

I think it is especially appropriate to hold this hearing as a prelude to consideration of legislation which concerns dislocated workers. We have had a lot of dislocated workers in my home State of Utah over the last couple of years, and I have to tell you, the Job Training Partnership Act has been of tremendous help to them. There may be other effective ways that we can assist them.

Every one of us has to be concerned about displaced workers, those who have lost their jobs due to the changes in consumer demands, foreign competitiveness, technological advances, or other reasons.

Like I say, even Utah, which has had an unemployment rate lower than the national average and which is home to many new growth industries, has suffered its share of hardship due to the plant closings and mass layoffs. Most recently, USX Corporation announced the indefinite idling of the Geneva Works in Provo, Utah, which will affect over 1,000 of my fellow Utahns. Geneva is the largest steel plant west of the Mississippi, so its closing has a very, very important effect on the whole country. I think it will open up the whole West Coast to an influx of cheaper, foreign government-subsidized steel.

I am pleased that the Reagan administration has recommended an increased budget for dislocated worker programs. Such funds are critically needed in Utah and elsewhere in order for these programs to provide adequate job search and retraining assistance.

But this hearing also provides an opportunity to recall that America has prospered for over 200 years because of its dynamic economy. Sometimes, it is hard to go through the changes which are necessary to grow. Our economy has figuratively skinned its knee more than once; it has, however, created over 20 million new jobs in the last fifteen years, and the United States, for all of its problems, is still the greatest economic power in the world.

Over 110 million people are employed in our country today, 61.1 percent of our total population, more than ever before in our country's history. In our haste to address the adverse effects of economic change, we must be careful not to enact legislation which will, stall this economic revival.

Again, I want to thank my colleague, Senator Simon, for holding this hearing. I look forward to working with him on further legislation before this subcommittee, and I appreciate his concern and the efforts that he puts forth.

I have conflicts this morning and I cannot stay very long, but I really appreciate your holding this hearing.

Thank you.

Senator SIMON. I thank you, Senator Hatch.

We are happy to have as our first witness Malcolm Lovell, who has rendered distinguished service to at least two administrations of the federal government, and who chairs the Task Force on Economic Adjustment and Worker Dislocation that was appointed under this administration.

Mr. Lovell, we are happy to have you with us.

STATEMENT OF MALCOLM LOVELL, CHAIRMAN, TASK FORCE ON ECONOMIC ADJUSTMENT AND WORKER DISLOCATION, DEPARTMENT OF LABOR

Mr. LOVELL. Thank you very much, Senator Simon and Senator Hatch. I am pleased to have this opportunity to testify before you on behalf of the Task Force on Economic Adjustment and Worker Dislocation.

In October 1985, Secretary of Labor William E. Brock launched an initiative to seek new and improved methods to deal with the problem of plant closings and mass layoffs and the resulting dislocation of workers. Secretary Brock established a 21-member task force to study the issue and recommend a course of action; and I received the honor of being designated Chairman of that task force. The task force and its several subcommittees met numerous times during the past year and issued a final report in December 1986.

The consensus recommendations we have given reflect our best judgment regarding ways to improve our Nation's ability to maintain a healthy, competitive economy in a manner consistent with our traditional humanitarian values.

This, of course, is the core problem faced by the task force this past year, and by the Congress today. Unless this Nation maintains and improves its international economic competitiveness, we can neither maintain nor improve our standard of living. This necessary quest for enhanced competitiveness requires that we sustain a dynamic economy in which inferior goods and services and inefficient production techniques are rapidly replaced by better products and improved manufacturing methods. As this occurs, plant closings and worker dislocations will continue as an inevitable part of a highly competitive and dynamic economy.

The issue before us is how best to rapidly and efficiently reemploy our displaced workers so that they can fully utilize their job skills and talents while society enjoys the benefits derived from structural economic change.

Now, the U.S. economy is in a constant state of change, with a large number of business closures and permanent layoffs occurring as a result of such changes. The Bureau of Labor Statistics reports that, between January 1981 and January 1986, about 10.8 million adults lost jobs permanently because their plant closed or their job was abolished. About 5.1 million of these workers had been at their jobs for at least three years, and about one-half were jobless because the plant or company closed or moved.

As of January 1986, 67 percent of those displaced during the preceding five-year period were reemployed. There were 18 percent unemployed, and 15 percent had left the work force. This rate of unemployment among a group of experienced adult workers is three times the rate for all adults in the labor force. Twenty-seven percent of the displaced population were jobless for less than five weeks, while 19 percent were without work for more than a year.

Studies based on the Labor Department's 1984 displaced worker survey showed average real earnings losses of 10 to 15 percent upon reemployment for all workers displaced from full-time jobs. Nearly 30 percent of reemployed blue collar workers and 24 percent of reemployed white collar and service workers had losses of 25 percent or more.

Now, this and other evidence convinced the task force that worker dislocation is indeed a problem, and one that will simply not disappear if nothing is done, nor is it so immense that it defies resolution. The problem is of sufficient magnitude and urgency that it demands an effective coordinated response with special priority for both the public and private sectors.

Now, although worker displacement has been an increasingly serious problem for several years, the United States lacks a comprehensive, coordinated strategy to deal with it. Responses from both the private sector and government have been spotty and narrowly focused. In development of a U.S. strategy to deal with worker dislocation, we can benefit from the experience of other countries, particularly Canada.

The private sector's response to closings and permanent layoffs has been examined in a number of surveys, including studies by the General Accounting Office, the Congressional Office of Technology Assessment, and the Conference Board. Although different in methodologies, results and reliability, these studies are sufficient to raise questions about the adequacy of the current private response.

Government response over the years to the problem of worker dislocation has been piecemeal and uneven in the treatment of such workers. Results under the program with the broadest coverage, Title III of JTPA, have been disappointing.

I want to talk a bit about advance notice. The task force is in general agreement that advance notification to employees and the community of plant closings and large-scale, permanent layoffs is good employer practice and an essential component of a successful adjustment program.

While recognizing the enormous diversity of circumstances leading up to plant closings and large-scale permanent layoffs and the difficulty in some cases of providing timely advance notice, the task force agreed that employers should give special attention to easing the transition of dislocated employees to new work. We found that many of the fears regarding advance notification have not been realized in practice.

The task force discussed but could not reach consensus on the best method for insuring that advance notice is provided wherever possible. It is agreed that advance notice is not possible in all situations. Some members hold the view that voluntary notification vigorously promulgated, as opposed to regulations, is the better way to ensure rapid and tailored response to varying market conditions and employee needs. Other members, emphasizing the importance of advance notice to a successful adjustment process, recommend legislative requirements which will ensure that the provision of notice will be the rule, rather than the exception.

Now, the task force recognizes that some business closings and permanent layoffs are inevitable and can be a concomitant part of achieving and maintaining a competitive, healthy economy and a strong position in the international marketplace. We also believe it is in the national interest to foster, through price and public means, the reemployment of workers permanently displaced from employment.

These basic conclusions support the major recommendations of the task force, and let me summarize them:

1. Greater private sector effort is necessary to alleviate the problems faced by displaced workers and their communities.
2. Private organizations should continue an active and aggressive role in educating employers on what techniques work best in specific circumstances.
3. Guidelines which generally describe responsible private sector behavior on a business closing or permanent layoff should be more widely communicated to employers.
4. The task force recommends initiating a new national public effort—which is probably our major recommendations—funded initially at $900 million to provide an early and rapid response to the needs of workers permanently displaced from employment. Under this proposal, JTPA Title III would be replaced by a new federally supported and monitored structure providing for State-administered training and reemployment assistance to meet the needs of all displaced workers.
5. Other services to be made available to displaced workers under this proposal include plant-specific adjustment assistance and a range of labor market services, including labor market information, testing, assessment and counseling, job search training, and a client-oriented job development effort.
6. A refocusing of priorities and a redirection of resources of the United States Employment Service will be required to be useful to dislocated workers.
7. The task force believes income support for dislocated workers should be of adequate duration to support substantive training and job search.

8. The task force suggests that the Secretary of Labor conduct further testing and development of various reemployment incentives.

The central feature of our recommendations is our call for the establishment of a national effort to provide an early and rapid response to economic dislocations, and a comprehensive array of services at the plant site, as appropriate, and in service delivery offices. We feel that such a comprehensive program, available on a timely basis, may also encourage more employers to provide adequate advance notice of layoff.

While we purposely did not attempt to fully specify the proposed program, we did address some important features. The task force recommended that 80 percent of funds be distributed to States by a formula sensitive to worker displacement, and that States be permitted to carry over up to 25 percent of such funds for use in subsequent years.

Services would be provided to (1) those workers who are displaced as a result of plant closings and large-scale, permanent layoffs, and, (2) other workers on permanent layoffs who can demonstrate substantial work experience. In most instances, program eligibility would require that an individual be permanently displaced (unlikely to return to a former employer within six months) and have three years experience in covered (UI) employment. States would administer the program under guidelines established and monitored by the U.S. Department of Labor. A Federal tripartite advisory committee would review program performance and make recommendations for improvement.

Now, underlying the task force's program specifications were three basic principles, and I would like to stress these:

1. Responsibility for achieving the desired public goals should rest with the governor of each State, and the governor should be held accountable;

2. The state must be allowed maximum flexibility in the design and operation of the program to serve the target population, and only if you give the governor that kind of flexibility can the governor be held responsible; and

3. The Federal Government should provide strong technical assistance and objectivity and thoroughly evaluate program results.

The task force was aware that while poorly conceived legislation can spell eventual doom to a public endeavor, constructively designed legislation by itself is not a guarantee of program success. We must anticipate that mistakes will be made and recognize that program operators will perform more ably as they progress along the learning curve. Thus, we stress clear-cut program responsibility, flexibility and the discipline of constant evaluation of results.

In my transmittal letter to Secretary Brock, I wrote, "We believe the report and its proposals are worthy of serious and immediate attention by the administration, the Congress and the private sector."

The administration's response could not have been more prompt, nor more positive. The task force is pleased with the President's decision to include in the fiscal year 1988 budget a $980 million worker adjustment program which emphasizes a rapid response delivery of comprehensive services. We feel that the task force, the administration, and the Congress can work together in formulating a legislative package to help the country move forward in a humane fashion toward a more competitive society.

Thank you.

[The prepared statement of Mr. Lovell with an attachment follows:]

STATEMENT OF
MALCOLM R. LOVELL, JR.
CHAIRMAN, SECRETARY OF LABOR'S
TASK FORCE ON ECONOMIC ADJUSTMENT AND WORKER DISLOCATION
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

MARCH 6, 1987

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to testify before you on behalf of the Task Force on Economic Adjustment and Worker Dislocation. In October 1985, Secretary of Labor William E. Brock launched an initiative to seek new and improved methods to deal with the problem of plant closings and mass layoffs and the resulting dislocation of workers. Secretary Brock established a 21-member Task Force to study the issue and recommend a course of action; and I received the distinct honor of being designated chairman of the Task Force. The Task Force and its several subcommittees met numerous times during the past year and issued a final report in December 1986.

I would like to take this opportunity to publicly express my appreciation to the Task Force members for the substantial contributions of effort and ideas they have made to this important study. The consensus recommendations we have given reflect our best judgment regarding ways to improve our Nation's ability to maintain a healthy, competitive economy in a manner consistent with our traditional humanitarian values.

This, of course, is the core problem faced by the Task Force this past year, and by the Congress today. Unless this Nation maintains and improves its international economic competitiveness, we can neither maintain nor improve our standard of living. This necessary quest for enhanced competitiveness requires that we sustain a dynamic economy in which inferior goods and services and inefficient production techniques are rapidly replaced by better products and improved manufacturing methods. As this occurs, plant closings and worker dislocations will contunue as an inevitable part of a highly competitive and dynamic economy. The issue before us is, how best to rapidly and efficiently reemploy our displaced workers so that they can fully utilize their job skills and talents while society enjoys the benefits derived from structural economic change? Stated differently and more personally, I view these workers as the casualties of economic warfare, and believe we should enable them to return to the front lines as soon as possible.

In addressing this issue, the Task Force reviewed the evidence on the nature and magnitude of the problem, examined both private and public responses to worker dislocation, debated the question of advance notification, and recommended actions set forth in the final report. In my remarks today, I will summarize the work of the Task Force and the conclusions reached.

The Nature and Magnitude of the Problem

The U.S. economy is in a constant state of change, with a large number of business closures and permanent layoffs occuring as a result of such changes. The Bureau of Labor Statistics (BLS) reports that, between January 1981 and January 1986, about

10.8 million adults lost jobs permanently because their plant closed or their job was abolished. About 5.1 million of these workers had been at their jobs for at least three years; about one-half were jobless because the plant or company closed or moved.

This process of change has created a population of displaced workers distinguished from other unemployed workers by the permanence of their job loss, as well as their substantial investment in and attachment to their former jobs. While displacement affects a broad spectrum of workers, it has tended to be concentrated in certain industries, occupations and geographic areas. As a result, mismatches between job need and job opportunity frequently occur, and some workers are more likely than others to experience difficulty in finding employment similar to that which they have lost.

How workers adjust to being dislocated is an important factor in determining the scope of the problem. The Labor Department surveys have yielded significant information about reemployment experience, length of time without work, and loss of earnings.

As of Janaury 1986, 67 percent of those displaced during the preceding five-year period were reemployed. There were 18 percent unemployed, and 15 percent had left the work force. This rate of unemployment, among a group of experienced adult workers, is three times the rate for all adults in the labor force. Twenty-seven percent of the displaced population were jobless for less than five weeks, while 19 percent were without work for more than a year.

The evidence we reviewed also showed that the length of joblessness varied according to particular characteristics of the population, as follows:

-- Education: higher levels of educational attainment significantly reduced the duration of joblessness for all groups.

-- Race: black workers on average had a much longer spell of joblessness than white workers.

-- Age: older workers generally had longer periods without work following displacement.

-- Gender: women on average had a longer spell of joblessness than men.

-- Local economic conditions: each additional percentage point of unemployment added one to four weeks of joblessness.

-- Tenure on previous job: longer tenure was correlated with longer spells of joblessness.

Studies based on the Labor Department's 1984 displaced worker survey showed average real earnings losses of 10 to 15 percent upon reemployment for all workers displaced from full-time jobs. Nearly 30 percent of reemployed blue collar workers and 24 percent of reemployed white collar and service workers had losses of 25 percent or more.

We also found evidence that dislocated workers are generally different from others who are unemployed. Compared to the workforce as a whole, displaced workers endure a significantly longer duration of unemployment. There is a much smaller fraction of displaced workers in the 1-4 week duration category and a much larger fraction in the 15-26 week cateory. Also, occupational mobility is higher for displaced workers than for the regular workforce. Approximately one-half of those displaced workers reemployed as of January 1984 had made a major occupational change, compared to five percent for other workers during the preceding year.

. This and other evidence convinced the Task Force that worker dislocation is indeed a problem, and one that will not simply disappear if nothing is done; nor is it so immense that it defies resolution. The problem is of sufficient magnitude and urgency that it demands an effective coordinated response with special priority for both the public and private sectors.

Existing Private and Public Responses

Although worker displacement has been an increasingly serious problem for several years, the United States lacks a comprehensive, coordinated strategy to deal with it. Responses from both the private sector and government have been spotty and narrowly focused. In developing a U.S. strategy to deal with worker dislocation, we can benefit from the experiences of other countries, particularly Canada.

The private sector's response to closings and permanent layoffs has been examined in a number of surveys, including studies by the General Accounting Office (GAO), the congressional Office of Technology Assessment and the Conference Board. Although different in their methodologies, results and reliability, these studies are sufficient to raise questions about the adequacy of the current private response. Many employers, particularly the larger ones, appear to feel an obligation to provide assistance to displaced workers and may have the capability to do so. This assistance is often the result of pre-existing contracts or personnel policies. On the other hand, many employers appear to do little or nothing before, during or after a closing or permanent mass layoff. While the Conference Board study shows that many of the country's major corporations provide notice and assistance, the GAO study describes a less optimistic scenario.

In terms of a public response, the Congress has authorized several types of adjustment assistance which can benefit dislocated workers. These include training and job search services funded under Title III of the Job Training Partnership Act (JTPA), income maintenance through the unemployment insurance program, and labor market information and job search assistance through the U.S. Employment Service. Additionally, the Trade Adjustment Act (TAA) provides training and income support for workers displaced because of trade impacts, and several laws have been passed to deal with workers in specific industries. In addition, several States have developed programs of their own to assist displaced workers.

Government's response over the years to the problem of worker dislocation has been piecemeal, and uneven in the treatment of such workers. Results under the program with the broadest coverage, Title III of JTPA, have been disappointing.

Of all the foreign endeavors studied, the rapid response capability of the 25-year-old Canadian Industrial Adjustment Service (IAS) appeared to offer the highest degree of replicability for the United States. This successful program emphasizes labor-management cooperation and service delivery. The Task Force recognized, however, that an American answer must be found within the American economic system.

Advance Notice

The Task Force is in general agreement that advance notification to employees and the community of plant closings and large-scale, permanent layoffs is good employer practice and an essential component of a successful adjustment program.

While recognizing the enormous diversity of circumstances leading up to plant closings and large scale permanent layoffs and the difficulty, in some cases, of providing timely advance notice, the Task Force agreed that employers should give special attention to easing the transition of dislocated employees to new work. We found that many of the fears regarding advance notification have not been realized in practice.

The Task Force discussed but could not reach consensus on the best method for ensuring that advance notice is provided wherever possible. It is agreed that advance notice is not possible in all situations. Some members hold the view that voluntary notification vigorously promulgated, as opposed to regulations, is the better way to ensure rapid and tailored response to varying market conditions and employee needs. Other members, emphasizing the importance of advance notice to a successful adjustment process, recommend legislative requirements which will ensure that the provision of notice will be the rule rather than the exception.

Conclusions and Recommendations

The Task Force recognizes that some business closings and permanent layoffs are inevitable and can be a concomitant part of achieving and maintaining a competitive, healthy economy and a strong position in the international marketplace. We also believe it is in the national interest to foster, through private and public means, the reemployemnt of workers permanently displaced from employment.

These basic conclusions support the major recommendations of the Task Force, which are:

1. Greater private sector effort is necessary to alleviate the problems faced by displaced workers and their communities. Smaller employers particularly should be encouraged to do more within their means for these workers.

2. Private organizations should continue an active and aggressive role in educating employers on what techniques work best in specific circumstances.

3. Guidelines which generally describe responsible private sector behavior on a business closing or permanent layoff should be more widely communicated to employers.

4. The Task Force recommends initiating a new national public effort, funded initially at $900 million to provide an early and rapid response to the needs of workers permanently displaced from employment. Under this proposal, JTPA Title III would be replaced by a new federally supported and monitored structure providing for State-administered training and reemployment assistance to meet the needs of all displaced workers.

5. Other services to be made available for displaced workers under this proposal include plant-specific adjustment assistance and a range of labor market services including labor market information; testing, assessment and counseling; job search training; and a client-oriented job development effort.

6. A refocusing of priorities and a redirection of resources of the U.S. Employment Service will be required to be useful to dislocated workers. The Task Force recommends that any restructing of the Employment Service accommodate the service needs of dislocated workers.

7. The Task Force believes income support for dislocated workers should be of adequate duration to support substantive training and job search. Workers should have incentives to enroll earlier in training programs, and income maintenance should be continued on a reasonably necessary basis to encourage individuals to complete their training.

8. The Task Force suggests the Secretary of Labor conduct further testing and development of reemployent incentives.

9. The Secretary of Labor should encourage and evaluate experiments designed to assist individual dislocated workers in starting their own businesses and facilitate feasibility studies of enterprise purchase by groups of workers facing displacement.

10. The Task Force's preferred source of funds for this new program is general revenues. If the Congress determines it cannot fund this initiative from general revenues, the Task Force is convinced that the program is of such importance to the Nation's competitive position that alternative methods of financing should be considered.

The central feature of our recommendations is our call for the establishment of a national effort to provide an early and rapid response to economic dislocations, and a comprehensive array of services at the plant site, as appropriate, and in service delivery offices. We feel such a comprehensive program, available on a timely basis, may also encourage more employers to provide advance notification of layoff.

While we purposely didn't attempt to fully specify the proposed program, we did address some important features. The Task Force recommended that 80 percent of funds be distributed to States by a formula sensitive to workers displacement, and that States be permitted to carry over up to 25 percent of such funds for use in subsequent years. Services would be provided to: (1) those workers who are displaced as a result of plant closings and large-scale, permanent layoffs; and (2) other workers on permanent layoffs who can demonstrate substantial work experience. In most instances program eligibility would require that an individual be permanently displaced (unlikely to return to former employer within six months) and have three years experience in covered (UI) employment. States would administer the program under guidelines established and monitored by the U.S. Department of Labor. A Federal tripartite advisory committee would review program performance and make recommendations for improvement.

Underlying the Task Force's program specifications were three basic principles:

1. Responsibility for achieving the desired public goals should rest with the Governor of each State;
2. The State must be allowed maximum flexibility in the design and operation of the program to serve the target population; and
3. The Federal Government should provide strong technical assistance and objectively and thoroughly evaluat~~ion~~e program results.

The Task Force was aware that while poorly conceived legislation can spell eventual doom to a public endeavor, constructively designed legislation by itself is not a guarantee of program success. We must anticipate that mistakes will be made and recognize that program operators will perform more ably as they progress along the learning curve. Thus we stress clear cut program responsibility, flexibility and the discipline of constant evaluation of results.

Next Steps

In my transmittal letter to Secretary Brock I wrote, "We believe the Report, and its proposals are worthy of serious and immediate attention by the Administration, the Congress and the private sector." The Administration's response could not have been more prompt, nor more positive. The Task Force is pleased with the President's decision to include in the fiscal year 1988 budget a $980 million worker adjustment program which emphasizes a rapid response delivery of comprehensive services. We feel that the Task Force, the Administration, and the Congress can work together in formulating a legislative package to help the country move forward in a humane fashion toward a more competitive society.

Thank you for your kind attention. I am prepared to answer your questions.

REPORT OF THE SECRETARY OF LABOR'S TASK FORCE ON ECONOMIC ADJUSTMENT AND WORKER DISLOCATION

EXECUTIVE SUMMARY

Overview

The U.S. economy is in a constant state of change. Its dynamic nature permits old goods and services and old production techniques to be replaced by new goods and services and new production techniques. Although this can be a healthy process, contributing greatly to our economic well being, a large number of business closures and permanent layoffs occur each year as a result of such changes.

According to Bureau of Labor Statistics (BLS) data, between January 1981 and January 1986 about 10.8 million persons lost jobs in a manner that suggested the job losses would be permanent. Experienced workers--those with three years or more of tenure--made up 5.1 million of the total and have been identified in BLS reports as "displaced workers."

Worker dislocation constitutes a markedly different kind of unemployment in many respects. Many displaced workers have had long periods of attachment to their employers. Frequently the jobs lost have been achieved after working many years for a single employer, and workers often have difficulty in finding jobs that pay as much at the outset, or are comparable in other ways. Displaced employees often experience significant personal adjustments in moving to new employment and new occupations, and in some cases to new locations.

When such displacements affect a large number of workers in one locality, the workers affected and their communities can be devastated. Along with the hardships come new opportunities. From an economic, social and humanitarian perspective, the issue is how to mitigate the serious dislocations generated by such changes without stifling the creative energies of America's dynamic economy.

Several surveys have been undertaken to examine the private sector's response to business closings and permanent layoffs. Many employers, particularly the larger ones, appear to feel an obligation to provide assistance to displaced workers and may have the capability to do so. On the other hand, many employers appear to do little or nothing before, during or after a closing or permanent mass layoff.

In the area of public policy, several types of adjustment assistance have been authorized by Congress which can benefit the dislocated. The largest of these programs is funded under Title III of the Job Training Partnership Act (JTPA) and provides training and job search services. Also, several states have developed programs of their own to assist displaced workers.

In summary, responses to worker dislocation from both government and the private sector have been spotty and narrowly focused, and the United States lacks a comprehensive, coordinated strategy to deal with the problem.

Other industrialized countries have adopted methods of facilitating the adjustment of workers displaced by structural change, which have worked with varying degrees of success. The Task Force examined the experiences of several countries to evaluate their effectiveness.

Conclusions

The Task Force recognizes that some business closings and permanent layoffs are inevitable and can be a concomitant part of achieving and maintaining a competitive, healthy economy and a strong position in the international marketplace.

The Task Force believes it is in the national interest to foster, through private and public means, the reemployment of workers permanently displaced from employment.

After a thorough study of the problem of worker dislocation, the Task Force reached the following conclusions:

1. New institutional mechanisms must be established as part of the nation's employment and training system to meet the needs of dislocated workers, including those workers covered by existing programs.

2. Experience has shown that the most effective and successful dislocated worker adjustment programs are those where employers and workers (and their unions if they are present), are directly involved in the design and delivery. Public policies and programs should encourage and facilitate this assumption of responsibility, active participation, and cooperation. However, the private sector has a fundamental responsibility in relieving the problems of displaced workers.

3. Experience also has shown that the earliest notification possible leads to more effective delivery of public and private services to dislocated workers. Delivery

of public services to affected workers should begin well before shutdown or layoff if possible.

4. An identifiable public agency should be available as a resource in the event of a dislocation of workers. This agency should have rapid response capability, and should coordinate the public efforts to aid the workers. Employers should be required to notify the designated agency of the closure or large scale layoff, once announced.

5. Adequate public resources should be provided to support effective levels of readjustment services, retraining, and temporary income support.

6. Government should also provide adequate capability for gathering and disseminating knowledge and information on worker dislocation to all interested parties, and provide technical assistance and staff training services to the states, communities, businesses, and unions.

7. There should be effective linkages and coordination between public and private efforts to aid dislocated workers.

8. A variety of service options for dislocated workers should be provided, and their freedom to choose from among them maximized.

9. To ensure job mobility and employment security, many experienced workers will require improved basic educational skills and recurrent vocational training.

10. Fully meeting the needs of displaced workers and impacted communities can only be accomplished within the framework of an economy providing an adequate number of jobs.

These conclusions form the basis for the major recommendations of the Task Force.

Recommendations

The Task Force calls for action by both the private and public sectors to establish practices, procedures and programs that will provide a rapid response capability to facilitate adjustment for dislocated workers in today's intensely competitive economy.

The Task Force believes this objective can be reached through the adoption of the following recommendations:

1. Greater private sector effort is necessary to alleviate the problems faced by displaced workers and their communities. Smaller employers particularly should be encouraged to do more within their means for these workers.

2. Private organizations should continue an active and aggressive role in educating employers on what techniques work best in specific circumstances.

3. Guidelines which generally describe responsible private sector behavior on a business closing or permanent layoff should be more widely communicated to employers.

4. The Task Force recommends initiating a new national public effort, funded initially at $900,000, to provide an early and rapid response to the needs of workers permanently displaced from employment. Under this proposal, JTPA Title III would be replaced by a new federally supported and guided structure providing for state-administered training and reemployment assistance to meet the needs of all displaced workers.

5. Other services to be made available for displaced workers under this proposal include plant-specific adjustment assistance and a range of labor market services including labor market information; testing, assessment and counseling; job search training; and a client-oriented job development effort.

6. A refocusing of priorities and a redirection of resources of the U.S. Employment Service will be required to be useful to dislocated workers. The Task Force recommends that the current Department of Labor review of the Employment Service and any subsequent restructuring accommodate the service needs of dislocated workers.

7. The Task Force believes income support for dislocated workers should be of adequate duration to support substantive training and job search. Workers should have incentives to enroll earlier in training programs, and income maintenance should be continued on a reasonably necessary basis to encourage individuals to complete their training.

8. The Task Force suggests the Secretary of Labor conduct further testing and development of reemployment incentives.

9. The Secretary of Labor should encourage and evaluate experiments designed to assist individual dislocated workers in starting their own businesses and facilitate feasibility studies of enterprise purchases by groups of workers facing displacement.

10. The Task Force's preferred source of funds for this new program is general revenues. If the Congress determines it cannot fund this initiative from general revenues, the Task Force is convinced that the program is of such importance to the nation's competitive position that alternative methods of financing should be considered.

Senator SIMON. We thank you, Mr. Lovell.

I note that the Senator from Indiana, whom I was praising before, has arrived and I acknowledge your service to this committee and for chairing this subcommittee for six years, Senator Quayle. We are happy to have you here.

Senator QUAYLE. Thank you very much, Mr. Chairman. Even though I am not the ranking member of this committee, I pay special recognition to your chairmanship, and I look to be a very active participant on the subcommittee. I have enjoyed the last couple of years working with you and I would say that we more often agree than disagree. We certainly agree on the goals and how we are going to help out some of the unemployed and focus on the unemployment picture.

Our States that are in the Midwest, the industrial Midwest, shall once again rise to its industrial capacity and beyond, much to the consternation of some of the other parts of the country. Illinois and Indiana shall take the lead and programs such as this I think will go a long way.

I am glad to see Mr. Lovell, who has been a very valuable witness throughout the years, Mr. Chairman. I know that you know him and I look forward to working with you and I congratulate you on having these hearings and starting to plow ahead. We have got a lot of big issues ahead of us and I just look forward to your stewardship of this subcommittee and I look forward to working with you.

Senator SIMON. I thank you and I look forward to working with you.

Mr. Lovell, first I am just going to read one portion of your summary of the characteristics of the population, because I think it is worth reemphasizing. Not surprisingly, your report says, "Higher levels of educational attainment will significantly reduce the duration of joblessness for all groups, so that anything we can do in the field of education ultimately helps in this process."

Again, not surprisingly, black workers on average have a much longer spell of joblessness than white workers. Discrimination, even in its subtle forms, is still part of our society. Perhaps not surprisingly, older workers generally have longer periods without work following displacement.

My own experience from talking to people is that somebody 53 years old, for example, just has a very, very much tougher time getting a new job. Women, on the average, have a longer spell of joblessness than men.

The one that did surprise me more than anything else, longer tenure was correlated with longer spells of joblessness.

Mr. LOVELL. That surprised me, too.

Senator SIMON. If I may ask, why did it surprise you, as it did me?

Mr. LOVELL. Well, it surprised me because I thought that people that had established themselves so thoroughly in the job market and have worked well over the years would be able to move more quickly. What it indicates is that the part of the flexibility in the labor market is skill in knowing how to look for jobs and skill in being able to move without being too discouraged, and to move with imagination and vigor to new work. It is not something that comes up automatically.

Senator SIMON. In fact—I think you hit on a very key point—in fact, these people who have jobs for maybe twenty years or something, they are just not accustomed——

Mr. LOVELL. They have lost that skill. They have not got it.

Senator SIMON. That is right.

Mr. LOVELL. They have lost it.

Senator SIMON. On the plant closing side of what you have said, your report said notification of workers was extremely important, but the report did not get specific as to what we ought to be doing in terms of federal legislation. I think all of us recognize that there are instances where there cannot be advance notification, but since your report says it is very helpful, if we were just to have a simple requirement, with some exceptions, obviously, for emergencies, what would be the opinion of your task force on such a requirement?

Mr. LOVELL. As you know, Senator, this is a very emotional issue. It was one of the reasons, not the primary reason but it was one of the reasons the task force was formed in the first place.

I must say that if we had concentrated in the beginning on the issue, I am not sure we would have gotten to the end. We put it aside. We got everything else resolved and that made it a lot easier to deal with at least in an unemotional way.

I think there are a couple of things I could say about that. I think the important thing in any regulation affecting the way business conducts itself and the way workers conduct themselves is to try to get agreement among business leaders and labor leaders as to what such legislation should look like. It works better if, once it is passed, legislation affecting a part of the American community of which they are not in agreement, is less apt to be successful.

I think that it is possible to get agreement between major elements of American business and major elements of organized labor, if a number of considerations are honored. I say that with some humility, Senator, because having failed to get that consensus in the committee, I am sort of like Terry Waite giving a lecture on how to rescue hostages. [Laughter.]

Nevertheless, I think that I would be somewhat optimistic that a consensus could be reached if these three principles were on it: (1) Advance notice legislation be designed to help workers adjust to new jobs, to move quickly to new work, and not to prevent a closing or mass layoff from taking place. That is probably the most important consideration. And I can guarantee that any legislation that is geared to make it more difficult for plants to close and for layoffs to take place, will get a level of opposition from the business community that can threaten the whole legislation, and I think that would be tragic because I think most elements of the legislation are looked upon by the business community with great support, and it would be a shame to have this one issue upset it. So that is the first, that the legislation should be designed to help workers adjust, not to prevent the closings from taking place.

(2) That legislation, I would presume, would contain incentives and disincentives with regard to encouraging notice, and those incentives and disincentives I do not think should penalize a compa-

ny acting in good faith for failure to comply with advance notice requirements. In other words, there should be, in developing the incentives and disincentives, a recognition of the complexity of the problem and the difficulties certain kinds of businesses under certain conditions would have, while encouraging and indeed mandating in some instances those that do not face those difficulties.

(3) I think this is important, too: Rather than trying to achieve nirvana on the first piece of legislation, to be modest about the goals and to set up an evaluation system which would allow the Congress to monitor the performance in terms of the private sector giving advance notice under the terms of the Act.

Such a system should provide insight into whether the incentives and disincentives established by the legislation are sensitive over time to the needs of the adjusting workers and to those companies faced with the economic imperative of reducing the size of the workforce.

So I would give a guess that, with a little bit of luck, if those three principles were honored, it would be possible to get a consensus between the business community, the major elements of the business community and the major elements of the labor community.

Senator SIMON. And you say with a little bit of luck. I have learned in over 58 years that you usually have to create the luck.

Mr. LOVELL. Right.

Senator SIMON. I realize that this hits you cold, but if I were to ask you to chair a group, and I would ask three representatives of the business community and three representatives of labor, just to meet on that one subject and ask you to chair that group and come back, if possible, with an agreement among the six, would you be willing to chair that?

Mr. LOVELL. I would be willing to discuss that with you, Senator. I would like to talk with you about it and think about it. The concept is not unappealing.

Senator SIMON. All right. I might add that our experience in Illinois, we have the agreed bill process in the State of Illinois on unemployment compensation and workmens compensation where both management and labor get together, and I have found that by and large it works pretty well and I think what you have just suggested in your previous remarks indicates a willingness and a desire to pull both sides together and I would like to see something like that happen.

One final question. I noticed in your statement you talk about refocusing the priorities and a redirection of the resources of the U.S. Employment Service. My experience over the years is that some employment offices do a very fine job and some of them do not seem to do a good job at all. I suppose that might be said of Senate offices and every other kind of office.

I would like any general observations you have on the Employment Service. What do you mean by "refocusing priorities and the redirection of resources"? What should we be doing to make the Employment Service more effective?

Mr. LOVELL. I think the first thing to do is to decide what we want them to do, why we have an Employment Service. If you look back in history, the Employment Service was started for two purposes: One, to recruit people for the WPA and other public programs during the Depression, and then later to help the war effort in World War II, and to a lesser degree during the Korean War, to help the mobilization of the workforce, and neither of those considerations really are valid.

What is needed today is a labor market service center of some kind that provides much more extensive labor market information, not only in general terms but community specific. It is possible, under today's statistical analysis, concepts for an employment service to have a pretty good idea of the kinds of jobs and the training and the requirements for the basic jobs that are available in any community at any time, even without getting a listing per se.

I do not think we have the need for a placement service so much as a place people can come and get information about how to look for jobs, where the jobs are, what the requirements of those jobs are, how their own qualifications line up competitively for those jobs. An organization could, if an employer wanted them to, provide employment services or could, if the government wanted them to, provide special employment services to, say, disadvantaged people or displaced people.

Now, the Employment Service placement rate—and the placement rate is not very high, but the average cost per placement is about $120 to $150, which is nothing, and that is because they do not do very much. The average cost of a private placement agency is around $3,000. So I think what we should do is concentrate on the major function of providing labor market services to people and to companies. You could have a company hook onto a computer of an employment service agency that would list all the qualified applicants in a community and the employer could call it in themselves, and the other way around, an individual looking for a job could identify from a computer the companies that are hiring and go out and seek work.

So I think it needs a major restructuring of what the purpose of the organization is, not to be wedded to what we decided to do in 1930. This is 1987.

Senator SIMON. I thank you for your suggestions.

Senator Quayle?

Senator QUAYLE. Thank you, Mr. Chairman.

First, I got carried away in congratulating you on your chairmanship of this committee and I forgot to ask unanimous consent if I could have my opening statement placed in the record at the appropriate place, before I offered my congratulations.

Senator SIMON. All right, we might permit that.

Senator QUAYLE. Mr. Chairman, I tend to agree with you that we need to focus on what kind of leverage we can bring to this plant closing issue. Mr. Lovell has met with a very distinguished group of people and has been unable to come to a clear-cut recommendation on plant closing legislation. Your suggestion I think is one, that if he can sit down with some more people and try to come back—I might put an addendum to that, that I think it is probably going to take some political leverage on these particular groups.

We all have the entire constituency of our respective States, but we have different constituencies that we pay a lot more attention to than others, just because of the dynamics of our system. I would think it might be helpful if we tried to add a political dimension to this and say, look, I will tell you where I am coming from on this issue. I think that it is good corporate responsibility, in every case where practical, that there ought to be advance notification. I just think that that is good common corporate management ethics and responsibility to the community and the people.

The problem that you have is putting this into any kind of a mandatory basis. Now, we all say, well, we will make some exceptions. Well, how are we going to write those exceptions, how broad should they be and how narrow should they be. I think maybe on that, you know, if Mr. Lovell wants to sit down further with a group that we might want to think about how we can use some of our political influence, because I think that is what it is going to take. Particularly I am concerned about the small businesses, because I really see this plant closing notification, affecting small business, how we are going to work it, particularly in worker dislocation.

Perhaps we need to redefine it or more narrowly define it as to how it can be done on a day-to-day basis. For example, even though workers would be dislocated if they lose their job as, say, store clerk or construction workers or restaurant workers, the chances are that if they lose their job whether a restaurant closes down or during the construction season they lay off, next year they are going to come back and they are going to be construction workers, or if they lose their job in one restaurant closing, the chances are they are going to go on to work in another restaurant. If they are a store clerk, they are going to go on and work in another store.

Now, that is an entirely different situation than, say, one of our steel mills that lays off 1,500 people or 1,000 people. A steel company which now has other steel companies, they are becoming diversified, there are other places of employment. And where you have a situation where you are going to lay off, say, 1,500 people, that is where I think really the advance notification is absolutely imperative, getting in and working with these people early on in the process is not only imperative but is doable, it is practical.

So I am wondering if you might help me sort of narrow our responsibility and how we are going to work with the worker dislocation. I do not want to say that, you know, a person loses their job loses their job and that's all—it is a traumatic event in that individual's life, but I am trying to see how we can come in as quickly, most effectively, given the finite amount of resources that we can, and begin to say here is what we are talking about, this is a case in point where you have got to have that early notification, beginning early as far as additional training, education.

Take a large company, for example, the workers may be able to find another job or they might have a job somewhere else in one of their branch offices or one of their other businesses in another city or another state or whatever the case may be.

Have you thought along the lines of how we can focus and begin to define how we are really going to get in and how the Title III monies are going to work on the real worker dislocation problem in a more narrow sense, rather than the broader sense? It may be difficult, because you try to narrow it down and then you are saying, gee, you do not care about these other dislocated workers. I care about them. I care about everybody who loses a job. The question is how are we effectively going to manage to begin this process that is going to really work and get some good results?

Mr. LOVELL. You are right on a number of questions, how do you serve different kinds of dislocated workers is one, and the mechanics of serving them, the kinds of services they need. We are saying in our task force report that the governor or whoever is running it in the State has to be imaginative in designing a program that meets the kinds of conditions that exist in that State, and it varies from State to State and it varies from area to area, from one area of a State to another.

In terms of the advance notice question, I think you made a very wise observation in terms of the political context in which labor and management would debate this issue together. To the extent that you and Senator Simon and your other associates in the Senate, and perhaps in the House, could agree on some guidelines, then getting labor and management to agree might be somewhat easier.

I think one of the problems was that very often in terms of our task force that it is always harder to get agreement without deadlines, and we did not have a deadline really. We had the closing of the task force.

I remember when I worked in labor relations at American Motors, George Romney said he wanted the negotiations to end by 5:00 o'clock in the afternoon, this going all night was ridiculous. I pointed out that you could not get agreement by 5:00, that unless it went to 4:00 in the morning people did not feel that the pressure had been on. So you need some kinds of deadlines and some kinds of political parameters to get the parties to make the final concessions that they are capable of doing.

Senator QUAYLE. I think it is important, too, and I think that is probably where we are, because I think you have done a very fine job and gone very far in where we can go and now it is really going to take some political push and pull to see whether we can come up with a consensus, because in this area I think you really have got to have labor and management working together.

Mr. LOVELL. I do, too.

Senator QUAYLE. Your report, just reading through this with you this morning, certainly goes in that direction. Let me just ask specifically, how would you define, just define "plant closing" for us.

Mr. LOVELL. Well——

Senator QUAYLE. Just the sort of basic plant closing. What are we talking about when we say "plant closing"?

Mr. LOVELL. People would be eligible for services if two basic criteria were met: One, that they were permanently laid off, in other words the company or somebody made a determination they were unlikely to return to that former employers within six months, the employer would be unwilling to say that and then some State office, after visiting with the company, could make a judgment as to whether or not that——

Senator QUAYLE. Would that be like with a restaurant closing, be a plant closing?

Mr. LOVELL. We are talking about any individual that is permanently laid off——

Senator QUAYLE. Okay. So that would be——

Mr. LOVELL. A restaurant closing would certainly be a permanent closing.

Senator QUAYLE. So anything. I guess this is what——

Mr. LOVELL. We also say three-year attachment to the work force—and this is important—because if you open this kind of thing to everybody in the workplace, you do not have enough money to serve any of them well and for——

Senator QUAYLE. That is the point.

Mr. LOVELL. And so if we say, all right, in order to be eligible you have to be either part of an actual plant closing—and I will define that—or any layoff where the individual is an experienced worker with three years in the work force.

Senator QUAYLE. What about a construction worker, would three years have to——

Mr. LOVELL. The construction industry needs to be treated separately because, as you know, Senator, the normal procedure in the construction industry is for a worker to go from one company to another.

Senator QUAYLE. What other industries would be like construction that we would have to treat different. This is my problem, is to try to focus and to narrow the definition of what our real attention ought to be to see effective results, given the amount of monies and resources that we have available.

Mr. LOVELL. Well, I think——

Senator QUAYLE. It is hard from a political dimension, because once you start to narrow that, then you get in the position of where you do not care about these other folks. Well, you do, you care about everybody who loses their job. I am just sort of thinking that, okay, construction is different and we treat that a little bit differently. What other kind of industries, and I am trying——

Mr. LOVELL. Senator, it is——

Senator QUAYLE. You see what I am trying to do is I am trying to work through this with you to try to get a better handle on a definition and a description of plant closing and a perhaps more precise definition of the dislocated worker on who we should——

Mr. LOVELL. Plant closings are easy to define. Mass layoffs are more difficult, permanent mass layoffs are more difficult, because when you close a plant it is obvious that they have no intention of opening it again.

Senator QUAYLE. Should our attention be more on plant closings or mass layoffs?

Mr. LOVELL. Well, I think they are both important, but certainly from ease of definition your plant closing is a lot easier to define, and there is less controversy——

Senator QUAYLE. More expensive.

Mr. LOVELL. I think there would be less controversy surrounding plant closings than there would mass layoffs.

Senator QUAYLE. What other exceptions besides the construction industry would you think we would have difficulty in defining plant closing? Are there any other candidates in there?

Mr. LOVELL. Well, I think most of your very small businesses whose balance sheets are such that they may have to make decisions awfully quickly. I would be concerned about those kinds of businesses.

Senator QUAYLE. Mr. Chairman, thank you very much. I think we have got a very good start here. I think you have given us some guidelines and some principles that—it is difficult when you get into some of these definitions and what we are really talking about, and I think you have gotten us off, Mr. Lovell, to a very good start, and I congratulate the Chair for having all these hearings and to bring the witnesses. I think it has been helpful over the years.

Thank you very much.

Senator SIMON. Thank you, Senator Quayle.

Senator Humphrey, the new ranking member of the subcommittee. We are pleased to have you here. Do you have any questions for our witness?

Senator HUMPHREY. No. I will pass, Mr. Chairman.

Senator SIMON. All right.

Thank you very much, Mr. Lovell.

Mr. LOVELL. Thank you very much.

Our next witnesses are a panel, William Wiggenhorn, the Vice President of Motorola, and G. Glenn Gardner, the Chairman of the Board of Diamond-Star.

Again, we will enter your full statements in the record. If you can summarize them in five minutes or less, that would be appreciated.

Mr. Wiggenhorn?

STATEMENT OF WILLIAM WIGGENHORN, VICE PRESIDENT FOR EDUCATION AND TRAINING, MOTOROLA, INC.; AND G. GLENN GARDNER, CHAIRMAN OF THE BOARD, DIAMOND-STAR, INC.

Mr. WIGGENHORN. Thank you, Senator. It is definitely a pleasure to appear before you today and also to say thanks for beginning to really look at this issue very seriously. It is one that has concerned me as an individual in training and education for the last ten to fifteen years.

My intention is to familiarize you with (1) the people skill requirements that we find we need today in order to maintain a competitive work force; (2) to talk a little bit about what we are doing to increase the competitiveness of our employees; (3) a brief overview of what we find some of our major competitors in the economic market doing in Japan and the Federal Republic of Germany to stimulate the continued development of their work force; and (4) to suggest how the federal government might provide incentives to motivate both the worker and the industrial organizations to continually improve the knowledge and skill level of the work force.

I would say that is really one of the key points I would like to make. I think it is a joint responsibility. It is not only government's responsibility to assist not only the organization, but I also think the individual, that I as an individual need to make sure that my knowledge and skill level is retained so that I am continuously productive.

Motorola is a corporation which employees 92,000 individuals (of which 56,000 are employed here in the United States). We have installed a system of buffers to protect our regular full-time employees, because historically when we hire a young person out of high school, college, et cetera, our intention is to bring them on-board for 20 to 30 years. It is not what I call a throw-away policy. We want to bring people on-board and have them stay for their career.

Now, in order to do that, as the world has gotten more competitive, we find that we have to increase the use of part-time workers, vendoring, worksharing, over-time control, and a process of continuing education and training, because the jobs dramatically have changed over the last few years.

The factories of the future that we talk about are really the factories of today, and our long-range forecasts indicate that the change that has occurred in the last five years will continue throughout the rest of this decade and continue to speed up.

Ninety percent of the employees we hire today and the current employees who want to remain productive members of the team need to be competent in the following areas: (1) the English language, both written and verbal skills; (2) problem-solving techniques; (3) statistical process control methods; (4) basic math; (5) team processes—and I will speak a little bit to that.

We need people who are willing to work as members of teams to solve problems to deal with issues, not necessarily the long-rangers that we have hired in the past. That also begins to change not only the way we educate people but how we reward them.

Another one is familiarization with how to operate a keyboard, a terminal. Today, in Motorola, over 30,000 of our people utilize computer terminals, computer control devices, word processing equipment as raw base. In 1980, there were only 5,000 individuals in the firm that had to have that skill; today 30,000. By the end of this decade we will assume almost everyone in the corporation.

Ideally, the products of the secondary school systems, vocational schools and junior colleges would be competent in those areas of knowledge and skills identified above. However, we find that the majority of our new hires to be deficient in many of these areas.

To take an example of the cost, in Japan a student graduating from the equivalent of a high school already is trained in statistical process control methods. When Toyota trains people in that technique it costs them 47 cents per employee because they are already competent and it is basically a review. When we provide that same training it costs us $200 per employee, and that is just to bring people up to the level at which they can perform basic tasks.

We are also finding that in all major functions, whether it be manufacturing professional, product design, marketing, finance, et cetera, that we need to constantly retrain people on an average of every seven to ten years to keep them competent in their profession or to be able to move them from one function to another within the corporation.

We are also moving from pure management training to leadership training in order to provide for all employees the vision, a value system and a common culture.

Now, as a major electronics corporation, Motorola has invested on an annual basis approximately $44 million in the training of our employees. Most of that, over 90 percent, is invested in upgrading the skill level of existing employees. And in many of our plants, over 60 percent of the employees there have been with us over ten years, so we are literally retraining them for their second careers as we enter their eleventh and twelfth year.

If you add to the $44 million the cost of the employees' salaries and benefits while training occurs, the total is about $100 million on an annual basis. This investment results in over two million hours of training being provided to our U.S. employees; 600,000 are on corporate directed programs targeted at quality improvement, cycle time reduction, which is really the time from which the customer expresses a need to the time we are able to satisfy that need, and a participative management process.

Another 500,000 hours of in-plant training was provided by the local sites on new equipment and new processes dealing with new products. An additional million hours of training was provided through the educational assistance program to employees who are pursuing associate, bachelor or master's degrees. The total cost of that program to us is $3.5 million annually.

In addition to this investment, several of our Motorola operations provide what we call new hire engineering and materials management programs, in which students brought off the college campus are put into a six-month to twelve-month rotation program, and for that period of time they are to familiarize themselves not only with their own jobs but with the positions that they support and the positions that support them. That is an additional cost of $6 to $7 million.

In 1984, the Senior Management Committee of Motorola, the policy committee, established what I would call a benchmark in human resource development by requiring that each department within the corporation, which would be thousands of departments, invest a minimum of 1.5 percent of the payroll in the training and development of their people. If that money is not spent, it is literally taken away from that department and invested by the corporation. It is not to help that department to achieve its bottom line. It is a minimum investment.

Actually, since 1984 and through 1986, which has not been our best financial years, we have invested anywhere from 2.2 to 2.4 percent of the payroll, and thus the managers in place have actually exceeded the corporate directive.

Now, the by-product of this annual multi-million-dollar investment is not only the provision of several million hours of training, but we have also developed curriculums for career development in all functional areas of the company, and the curriculums determine what skills are going to be required, what skills we recommend you should develop on your own time, and, thirdly, what we call focused skills, and those are skills that we need at a specific time in a specific part of the population in order to implement a current strategy like quality improvement.

It is anticipated that 40 to 80 hours of education per employee is necessary on an annual basis to keep our work force current.

Through 1985, we spent most of our time training our own employees, but in the early eighties it became evident to us that we could not provide the quality products and services demanded by our global customers if our suppliers, who tend to be smaller organizations, a thousand or less employees, were unable to provide us with perfect components, on-time delivery, complete and accurate services. Also during that time we reduced our supplier base from several thousand suppliers per major part of the business to several hundred, and we have simply retained those suppliers that provide us with the best product and services at the fairest price.

However, since most of our suppliers have relatively small firms, we have found they have not invested heavily in people development but have simply tried to hire an already trained work force from the local community. However, in order to remain competitive, their employee skills have to be up-graded in the same way that ours do, so beginning in 1986 we started providing training to the employees of our suppliers in many of the same areas that we provide our own employees—quality control, statistical process methods, et cetera.

We are now considering providing education and training for some of our major original equipment manufacturing customers, people who eventually sell to the end user, because, again, if they do not stay in business, neither will we.

Now, our concern with the development of our supplier employees, especially in the small and mid-size firm, is that they no longer exist if they are not development and cannot compete globally, thus we will be sourcing fewer and fewer of our components in the U.S.

Even today, as many of our states lure foreign investors into their territories to create new manufacturing jobs, we see that with these new jobs others disappear, because some of the organizations, especially Japanese manufacturers, tend to bring their own supplier base with them, and our concern is to make sure that we do not continue to decrease the supplier base in the United States.

Two of our major industrial competitors, Japan and the Federal Republic of Germany, are really known for developing and maintaining very productive work forces, not only in large companies but in mid-size and smaller organizations as well.

In Japan, where 10 percent of the gross national product national income is spent on education, much of it is on employee development, and there the focus is really on developing a work force that is willing and able to continually learn.

We completed a study this summer of some of the major Japanese multinational firms on just how they conducted training and development of employees from the newest hire up through thirty, forty years with the organization. We found that they literally spent three times as much money per employee development than some of the best U.S. firms.

We also found that the government fostered regional-type training centers to serve the needs of many of the smaller and mid-size organizations, so that the type of training that go into the largest firms could do here and the United States was being also made available to the smaller mid-size firms in Japan.

In Germany, we find an apprenticeship program that really aims to provide every person entering the labor market to be occupationally competent, and as the document shows, there are thousands and thousands of such approved programs. The system works there for all levels, because 20 percent is funded by the regional government but a lot of direction is provided on the regional basis, not so much the money but the focus, the direction, while 80 percent is picked up by employers.

We have participated in such a program in our facilities in Germany for the last twenty years and found them a great way of providing a well-trained work force that focuses in on their continuous development. They demand the development that they received early on, on a continuous basis.

A recent report conducted by the National Economic Office and Manpower Services Commission of the United Kingdom has pointed out that both the Japanese, the Germans, and in many ways the American system provided some of the most productive workers.

One of the things it points out is the Germans have about 12 percent of their adult working population involved in work related education and training at any one time, and that is not just unofficial, on-the-job training. It would be much more than any of the records show in the United States that I can find.

In the United States it is estimated by the American Society of Training and Development that there are approximately $30 billion per year spent by the private sector in the training and retraining of the work force. In addition, billions of dollars of federal funds have been used for training people in various entry level positions.

However, based upon the global competitive situation of the United States, it is my feeling that unless we do a better job of increasing the skills of our currently employed citizens, that many of the jobs that people are being trained for today will simply not exist in the future. I think it is not just a matter of training people who are out of jobs, but making sure people who currently have jobs are constantly upgraded in skill level in order to be part of the work force.

My concluding comment is that it is important for the federal government to provide incentives to employers and employees to provide for the continuing training and education. Federal incentives such as the employee educational assistance program are programs that I feel are working quite well. Such tax benefits have really provided incentives for the lower skilled and entry-level worker to improve their skills and knowledge. This increases their value to the organization, while improving their own economic well-being.

Other approaches under consideration, such as tax credits or block investment credits for training expenses are also options that should be pursued in order to (1) provide incentives to the firms that do not currently provide training for their employees, and (2) to provide added incentives to those who currently make the investments to invest even further.

I would also suggest that the federal government, through the States, consider developing regional institutes which would help address the needs of the small and medium-size firms to keep their people proficient in some of the key technical and other functional areas.

We support the need, of course, to balance the federal budget, to reduce the debt, but we are not suggesting that new funds necessarily be allocated but, rather, that existing funds be redeployed to maintain the skill level of currently employed individuals and to truly train people for jobs that will exist in the future.

In this competitive environment, at least in the electronics industry, we feel it is important for us to be able to maintain our work force flexibility, that advance notice, outplacement assistance, retraining for new careers should be encouraged but not mandated. Responsible employers can best work with their employees during periods of retrenchment when unencumbered by restrictions that do not anticipate all possible circumstances.

Job upgrading and life-long earning are truly new concepts for the American economy. But in a competitive global market, they are not merely quality of life issues but questions of economic survival. Only with the best developed work force can we hope to compete globally and to ensure that the quality of life in the United States is maintained and improved.

I believe that the federal government can help lead our society to commit to continuous job upgrading as a national goal, rather than continuing to sponsor it on our current piecemeal training approach.

Thank you.

[The prepared statement of Mr. Wiggenhorn follows:]

AMERICA'S TRAINING NEEDS

testimony of

A. WILLIAM WIGGENHORN

VICE PRESIDENT AND DIRECTOR
EDUCATION AND TRAINING
MOTOROLA, INC.

before the
Senate Subcommittee on
Employment and Productivity

March 6, 1987

It is a pleasure to appear today before the distinguished members of this Committee. The leadership of the Senate and this Committee has demonstrated a strong sense of urgency and seriousness of purpose in examining the problems of U.S. competitiveness and, in particular, the problems of maintaining a productive U.S. work force that can compete on a global basis.

My intention today is to place on the record: (1) information regarding the people skill requirements that Motorola finds necessary in order to maintain a competitive work force: (2) what Motorola is doing to increase the competitiveness of our employees; (3) a brief review of what Japan and the Federal Republic of Germany are doing to stimulate the continued development of their work forces; and (4) to suggest how the Federal Government might provide incentives to motivate the worker and industrial organizations to continuously improve the knowledge and skill level of the work force.

Motorola, a corporation which employs 92,000 individuals (of which 56,000 are employed here in the United States), has a high level of concern regarding continuity of employment. We have installed a system of buffers to protect our regular full-time employees, such as the use of part-time workers, vendoring, worksharing, over-time control, and continuous education and training. The nature of our jobs has changed dramatically in the past five years requiring ever increasing skills and knowledge.

The factories of the future have become the factories of today. All of our long-range forecasts indicate that the requirements to manage change and to increase the skills and knowledge of our employees need to increase throughout the foreseeable future.

90 percent of the employees hired today and current employees who are to remain a productive member of the team need to be competent in the skill areas of (1) the English language, written and verbal; (2) problem-solving techniques; (3) statistical process control methods; (4) basic mathematics; (5) team processes; and (6) keyboard utilization (over 30,000 of our people conduct much of their work utilizing computer terminals, computer control devices, and word processing equipment) as job aids.

Ideally, the products of our secondary school systems, vocational schools and junior colleges would be competent in areas of knowledge and skills identified above. However, we have found that the majority of our new hires to be deficient in many of these areas.

From this baseline of skills and knowledge, it is necessary for us to continually upgrade the skills of those in the manufacturing profession, product design, research and development, marketing, sales, instructional design, finance, management information systems, and human resource development.

Because of constant change in the marketplace, technology, systems, and structure of organizations, it is necessary to continuously upgrade the skill level of our entire work force. Over the course of 7-10 years, we must literally retrain each individual. It is also becomes imperative that we provide leadership training so that the management team can deal with the complexities of the global marketplace as we respond to the needs of our customers.

As a major electronics corporation, Motorola invested $44 million in 1986 in the training of our employees. Most of that -- over 90 percent -- was invested in upgrading the skill level of existing employees. The $44 million does not include the cost of employees' salaries and benefits while training occurs - that cost is additional. Thus, the total investment is over $100 million when participant salary, benefit and lost opportunity costs are included.

This investment resulted in providing over 2 million hours of training to our U.S employees. This includes 600,000 hours of in-plant training sponsored by the corporate training department to implement corporate-wide programs in quality improvement, cycle time reduction, and participative management.

An additional 500,000 hours of in-plant training was provided by the local sites, and employees were instructed in the use of new automated equipment, new systems and procedures, and on new products. Many of these new products are being designed and manufactured at a rate 50% faster than just a couple of years ago. An additional 1,000,000 hours of training were provided through our Educational Assistance Program to employees who are pursuing associate, bachelor, or masters degrees. The total cost of the Educational Assistance Program is $3.5 million annually.

In addition to this investment, several Motorola operating units provide new-hire engineering and materials management programs. These programs give newly hired college graduates the opportunity to spend six months to one year in a formalized on-the-job type development program to familiarize themselves not only with their own jobs, but with the positions that support their endeavors and those areas that they are to support. The cost for such programs is another $6 to $7 million on an annual basis.

In 1984, Motorola's Corporate Policy Committee established a benchmark in human resource development by requiring that a minimum of 1.5 percent of payroll be invested by each business in the training and development of our people. Our actual investment in 1984 through 1986, has been between 2.2 to 2.4 percent of our payroll. Our managers are actually investing more than required by the

Corporate directive because of the need to continually develop our people in order to compete, and because of our commitment to keep our full-time productive employees as members of the Motorola organization.

The by-product of this annual multi-million dollar investment has not only been the provision of several million hours of training but has also included the development of curriculums for career development in the functional areas of the company. Curriculums are also developed which document the skills and knowledge required to address major business challenges identified in our long range business plans.

Currently, we are trying to determine what training should be required, focused, or developmental. Required training targets specific programs to new employees and those employees nearing or desiring promotion. Focused training is that training required of a segment of Motorola's population in order to implement one of Motorola's specific business strategies. Developmental training, which is dependent on the individual employee, allows an individual to update skills needed to do todays or tomorrows job. Strategic Motorola populations will have curriculum in place for each of those areas by the end of 1987. It is anticipated that 40 to 80 hours of education training annually will be necessary to keep our management and work force current.

In order to make sure that we have identified the right areas to focus on, we are currently establishing training advisory councils at all of our major sites. Those councils will enable local management, professionals, and members of the work force to identify what the training requirement needs are at their site today and in the future. It is critical to make sure that those needs are addressed and the newly acquired skills are utilized.

In the early 1980's, it became evident that we could not provide the quality products and services demanded by our global customers if our own suppliers were unable to provide us with perfect components, services, etc. Over the past several years as we have reduced our supplier base from several thousand to several hundred, we have retained those suppliers that provide us with the best quality of product for the fairest price.

Since most of our suppliers employ less than 1,000 people, they have not invested heavily in people development, but have tried to hire an already trained work force from the local community. However, in order to remain competitive, their employee skills have to be upgraded in the same areas that our employees' skills must be upgraded.

Motorola and several other U.S. companies are now providing that training, at cost, to our supplier base in order to enhance our mutual competitive position. Partnerships are formed as we train suppliers in quality through Statistical Process Control programs. As the year progresses, we will offer additional technical and management programs to our supplier base.

We are now considering providing education and training for some of our major OEM customers because if they do not meet the expectations of the total marketplace, it will be difficult for us to stay in our current businesses.

Our concern with the development of our suppliers' employees, especially in the small and mid-size firms, is that they will no longer exist if they are not developed and cannot compete globally. Therefore, we will be even more dependent upon foreign sources. Even today as many of our states lure foreign investors, such as the Japanese, into their territories, the creation of some manufacturing jobs causes the disappearance of others. In building up their manufacturing assembly capabilities in the U.S., Japanese organizations tend not to use local suppliers, but have attempted to bring their own supply sources with them. So with every 1,000 new jobs created, there is a certain percentage of jobs that are really lost.

Two of our major industrial competitors, Japan and the Federal Republic of Germany, are known for developing and maintaining very productive work forces, not only in large companies, but in midsize and smaller organizations as well. In Japan, 10 percent of the national income is spent on education, much of it on continuing employee development. The focus is on developing a work force that is willing and able to continuously learn. The larger companies tend to invest two to three times what U.S firms invest per employee on training and education. The government provides assistance and, in some cases, actually sponsors institutes where small and midsize organizations send their employees to maintain the optimal skill levels of their work forces.

In Germany, apprenticeship programs aim to ensure every person entering the labor market is occupationally competent and qualified. There are 450,000 approved training firms offering 439 occupational training programs for their people. This system is funded 20 percent by the regional governments, with the employers picking up 80 percent of the tab. The incentive is there for firms of all sizes to hire from this well-educated pool and to continually develop their people. In a recent report conducted by the National Economic Office and the Manpower Services Commissions of the United Kingdom, it states that the Germans have 12 percent of their adult working population involved in work-related education and training at any one point in time.

In the U.S., it is estimated that approximately $30 billion per year is being spent by the private sector in the training and retraining of the work force. In addition, billions of dollars of Federal funds have been used for training people for various entry level positions. However, based upon the global competitive situation of the U.S., unless we do a better job of increasing the skill of our currently employed citizens, many of the jobs that people are being trained for today simply will not exist in the future.

The added fact that we have an aging work force removed from formal education and training in today's technologies, is something that needs to be presently addressed. As the turn of the century approaches, we must stop adding costs to the social problem of unemployment and under employment due to loss-of-value added prime jobs.

My concluding comment is that it is important that the Federal Government provide incentives to employers and employees to provide for their continued training and education. Federal incentives, such as the Employee Educational Assistance Program (Section 127 of the Internal Revenue Code), are programs that are working quite well. Such tax benefits have really provided incentives for the lower skilled and entry level worker to improve their skills and knowledge. This increases their value to the organization while improving their own economic well being.

Other approaches under consideration, such as tax credits or block investment credits for training expenses, are also options that should be pursued in order to: (1) provide incentives to the firms that do not currently provide training for their employees; (2) provide added incentives to those that currently make the investments - invest even further.

I also suggest that the Federal Government, through the states, could develop regional institutes which would help address the needs of the small and medium sized firms to keep their people proficient in some of the key technical areas.

Supporting the need to balance the federal budget and reduce the debt, I am not suggesting new funds be allocated, but rather that existing funds be re-deployed to maintain the skill level of currently employed individuals rather than training people for jobs that do not exist or training people who do not want to work.

In this competitive environment, the electronics industry needs to be able to maintain work force flexibility. Advance notice, outplacement assistance, retraining for new careers, should be encouraged but not mandated. Responsible employers can best work with their employees during periods of retrenchment when unencumbered by restrictions that do not anticipate all possible circumstances.

Job upgrading and life-long learning are truly new concepts for the American economy. But in a competitive global market, they are not merely quality of life issues but questions of economic survival. Only with the best developed work force can we hope to compete globally and to ensure that the quality of life in the United States is maintained and improved.

I believe that the Federal Government can lead our society to commit to continuous job upgrading as a national goal rather than continuing to sponsor our current piecemeal training approach.

3/3/87

Senator **Simon**. I thank you for your excellent testimony.

Mr. Gardner, who is in a very different kind of situation.

Mr. **Gardner**. Good morning. Thank you, Mr. Chairman and members of the Subcommittee, for the opportunity to testify on our assessment of America's training and productivity needs.

Before I summarize my testimony, I want to thank the Chairman as well as the other members of the Illinois congressional delegation for their enthusiastic support and help in locating our new plant in Normal, Illinois. My name, of course, is Glenn Gardner, and I am Chairman of the Board of Diamond-Star Motors Corporation, a recently created American joint venture between Chrysler and Mitsubishi Motors Corporation of Japan. I am delighted to have the opportunity to be here today and to share some of our concepts and plans about this new cooperative effort, especially in the area of training, productivity, as well as increased employment opportunities for American workers.

First, some background. A key objective that our parents, Chrysler and Mitsubishi, had for Diamond-Star was to produce profitable and world class quality vehicles from the United States which would be competitive with imported cars from anywhere in the world.

Our second objective was for both parents to have the opportunity to develop new state-of-the-art manufacturing technologies as well as share the existing technologies developed by each individual company. I believe this knowledge exchange will enhance Chrysler's national and international competitiveness.

Before I discuss specifics, let me give you a brief overview of the Diamond-Star operation. We plan to eventually manufacture 240,000 cars annually, and we expect to increase employment to 2,900 employees when we reach full production. We plan to sell a portion of these vehicles in Canada, making Diamond-Star an exporter of U.S. vehicles, helping to reduce the current trade deficit with that country.

Initially, Diamond-Star will build a two-door sporty-type car and will later introduce a four-door sub-compact sedan. These vehicles will be produced by the 2,900 Diamond-Star employees and will also provide business to various U.S. parts and component suppliers. And I should stress that the Diamond-Star plans to have over 55 percent domestic content at job one, and plans are in place to increased local content even further, depending on costs and quality considerations of American suppliers.

While the Diamond-Star facility will be among the most modern in the world, the worker or the associate, which he will be called, will be the company's most important asset. Great emphasis will be placed on training, in the areas of team work, work place harmony, and of course technology.

Now, for some specifics: As you requested, Mr. Chairman, I will discuss two topics this morning: One, the nature of academic and technical skills required of Diamond-Star workers, and, two, the specific training plans that Diamond-Star has developed for both training new employees and the need for constant updating of the skills of those employees in response to new and changing technologies.

In today's manufacturing environment, a basic consideration in selecting employees is their capability to be trained. We need employees that come to us with a fundamental foundation in communications, reading and math skills, and ideally very basic familiarity with computers. This basic knowledge is beyond the scope of Diamond-Star and we depend on the many educational institutions to help develop the kind of talented individuals we need to compete on a global basis. Diamond-Star can then take these individuals and train them to adapt to a highly automated computerized and sophisticated manufacturing environment.

While intensive hiring has not yet begun at Diamond-Star, our impression is that there are sufficient numbers of quately qualified American job candidates for Diamond-Star located in the central Illinois area. However, my Japanese partners tell me that the U.S. worker, compared with those in Japan, have a greater diversity of educational and technical backgrounds, both in the terms of scope and in the terms of quality.

Diamond-Star expects that we will be required to channel approximately one-third of our training resources towards increasing the individual's basic educational skill level, and then spend the other two-thirds providing the higher skill levels required for Diamond-Star's specialized manufacturing needs.

First, all Diamond-Star employees will be trained to accomplish several skills or jobs. Under this concept, there will be ample opportunity for workers to learn many differing skills and jobs, depending on their interests and, of course, their capabilities.

We feel that rotating job assignments instills a sense of contribution and adding variety and balance to the work place.

Second, our associates will be capable of making minor repairs to their own equipment. This adds additional variety and responsibility to the job, while optimizing equipment utilization, minimizing our down-time and, of course, improving process productivity.

Third, we plan to eliminate repetitive, monotonous and strenuous tasks by extensive use of robotics. We plan to have over 400 robots, making Diamond-Star one of the most technologically advanced plants in the world.

Fourth, we believe in long-term employees who are seeking a career with Diamond-Star, not just a job. We are looking for dedicated employees who have a desire to become involved. Kaisan teams and quality circles will be established so that we all work together to continually improve productivity and vehicle quality.

With that underlying philosophy, let me now address our specific training plans; because training will play such a pivotal role in Diamond-Star's success, we are undertaking a massive training program totaling over $70 million. To put that in perspective, we will be spending on each employee an average of $24,000, equivalent to a college education in many schools.

The State of Illinois has granted us $40 million in training funds to help offset these expenses of our new business, and by Illinois calculations Diamond-Star is expected to return this investment three-fold by 1995.

A group of over 275 employees or about 10 percent of the total work force of Diamond-Star will be formally trained in Japan for a minimum of two weeks to as much as ten months. This includes the group leaders who are responsible for coordinating the effort of from 10 to 20 associates in the work team. The balance of the employees will participate in a one- to three-month training period here in the United States.

Mitsubishi Motors, our partner, will send approximately 175 people to Diamond-Star to help train the work force here in the U.S., and an additional 100-plus Mitsubishi employees will be involved in the development of training texts. In all, over 300 manuals will be developed, describing each step of the production process and the maintenance procedures. This kind of gut level attention to detail is essential to enable our people to turn out the world class state-of-the-art product which competes with anyone in the world.

Now, let me outline the process we will use to select our new employees. The State of Illinois and Diamond-Star are administering both a series of attitudinal tests on prospective employees as well as a series of non-discriminatory tests and interviews which will judge mental agility, reading proficiency, manual dexterity, and mathematical skills. We will then evaluate each candidate's capacity for functioning in the Diamond-Star production process, that is, who has the capability to get along with colleagues, who exhibit loyalty and support for team mates and the company, and who has the aptitude for working in a system which requires--let me repeat that--which requires constant process improvement, an essential part of the Japanese process.

By assessing a person's attitude toward work and colleagues beforehand, Diamond-Star believes that anyone who can stand up to this careful scrutiny and multi-step interview process will be able to contribute in a positive way and be prepared for the demands of producing the world class quality products necessary in our very competitive environment.

In conclusion, Diamond-Star is looking for a quality work force with the basic skills that can be easily adapted to the new technological challenges of today and, of course, tomorrow. Furthermore, we believe that improved productivity and increased employment for American workers will result from well-executed training.

Obviously, I am proud of the philosophy that we intend to accomplish in the array of training. We believe training is our most important goal and, if you will pardon the pun, it is our driving force. As we implement our philosophy with the American workers, I believe the status and international competitiveness of the U.S. automotive industry will be enhanced.

Thank you very much.

[The prepared statement of Mr. Gardner and supplemental material supplied follow:]

TESTIMONY TO THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
LABOR AND HUMAN RESOURCES COMMITTEE
OF THE
UNITED STATES SENATE

Hearing on March 6, 1987

Presented by Mr. G. Glenn Gardner

Diamond-Star Motors

TESTIMONY TO THE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

COMMITTEE ON LABOR AND HUMAN RESOURCES

U.S. SENATE

I. Introduction

Good morning and thank you Mr. Chairman and Members of the Subcommittee for the opportunity to testify on America's job training needs. I want to also thank the Chairman, Senator Dixon, and the entire Illinois Congressional Delegation for their enthusiastic support in locating our plant in Normal, Illinois. This venture, planned for launch late next year, represents a true industrial cooperation between American and Japanese firms.

I am delighted to have the opportunity to be here today to share some of our concepts and plans about this new cooperative venture, especially in the areas of training, productivity, and employment for American workers and management. Let me put this project in perspective by first touching on the key objectives of Diamond-Star Motors and its basic policy.

On the objectives, Chrysler and its Japanese partner, Mitsubishi Motors, decided some time ago to establish Diamond-Star with the purpose of manufacturing world class vehicles in the United States to attract import car buyers.

A secondary purpose of this venture is to provide both Chrysler and Mitsubishi an opportunity to jointly develop a state-of-the-art manufacturing facility which utilizes the modern technologies developed by both companies -- Chrysler and MMC. This technology can then be shared with Chrysler's North American operations, fully consistent with the objective of promoting National and International competitiveness for the U.S. automotive industry. Our strategy to aim at import buyers also is consistent with the national interest in the areas of industrial job creation and favorable impact on our balance of trade payments.

Regarding Diamond-Star's basic policy, the following are the key elements underlying our philosophy on training, productivity, and employment that I will be discussing today:

- To build high-quality cars at competitive prices which will assure customer satisfaction
- To make continuous improvements in the operations of the company
- To work together in harmony to achieve company goals
- To adapt quickly to changing conditions
- To enhance the success and image of our parent companies -- Chrysler and Mitsubishi Motors Corporation

II. Background

Before I discuss the more specific issues of training and employment opportunities for American workers, first a little background.

DSM was incorporated in October 1985 and ground was broken in April of last year. We plan to eventually manufacture 240,000 cars annually and increase employment to about 2,900 persons when the facility reaches full production. Chrysler and Mitsubishi Motor Sales of America each will share the cars produced by DSM, and DSM will distribute them through their own dealer networks. A portion of the vehicle production will be also sold in Canada, making DSM an exporter of U.S. vehicles.

Initially, DSM will build a front-wheel drive, two-door hatchback sport specialty model and later will introduce a unique four-door subcompact sedan.

DSM's manufacturing facility in Normal, Illinois will consist of a two million square foot facility with state-of-the-art equipment -- scheduled to be completed in early 1988. The first cars will be produced later that year. When the second shift starts in late 1989, the plant will be producing 1,000 vehicles per day.

These vehicles will be produced, not only with the 2,900 American workers employed at DSM, but with workers employed at the various U.S. companies supplying parts and components to DSM. As a matter of fact, DSM plans to utilize over 55 percent domestic content, and that level could expand further -- depending on market conditions and cost/quality considerations.

As a last background point, we must emphasize that DSM is unique due to its close involvement and relationship with Chrysler. DSM plays a complementary role with Chrysler's U.S. operations in several areas:

- By producing vehicles of import heritage in the United States, DSM complements Chrysler's line of domestic products by competing directly against imports -- not only from Japan, but also from other low-cost countries.

- DSM will provide an opportunity to explore some new technology and different ways of doing business in the area of employee relationships. Chrysler with its advanced technology and excellent labor relations can also assist DSM in making it a truly competitive operation which relies on the best that Japan and the U.S. has to offer -- an eclectic approach to automotive manufacturing.

III. The American Workforce

While the DSM facility will be among the most modern in the world, the worker or associate will be the company's most important asset. Great emphasis will be placed on training the associates in teamwork, workplace harmony, and technology.

How do we plan to train our people for the formidable challenges confronting us in automotive markets around the world? First, we need employees that come to us with a fundamental foundation in communication, math skills, and preferably some familiarity with computers. This basic knowledge is beyond the scope of DSM to provide, and we greatly depend on the indigenous educational system to develop the kind of talented individuals we need to compete globally.

It is DSM's philosophy to take individuals with these general aptitudes and train them to tackle the specific and specialized jobs at hand. These individuals can then easily be trained to adapt to high-tech jobs of the future. As you can see, our training philosophy at DSM is not for just a few months or even years -- it is for the employee's entire career with DSM.

The basic topics that I will address this morning are:

1. The nature of the academic and technical skills required of Diamond-Star workers
2. The specific training plans that Diamond-Star has developed -- training new employees and renewing those skills in response to new technologies

A. Academic and Technical Skills Required by DSM

In today's manufacturing environment, characterized by rapid technological changes forged out of intense worldwide competition, a basic consideration in selecting employees is their capability to be trainable, not only initially, but throughout their careers.

In our view, the best people that meet this requirement are those with an adequate level of basic training in math and communication skills, and ideally with some basic familiarity of computers. (While basic computer familiarity is desirable, DSM has no specific requirement for its prospective employees.) While intensive hiring has not yet begun, our impression is that there are generally good American job candidates for DSM. My Japanese partners tell me that the U.S. workers, as compared with those in Japan, have a greater diversity of educational and technical background -- both in terms of scope and quality.

The Japanese tend to have a much more homogenous educational and technical background which makes training somewhat easier. It appears that the American candidates are quite comparable with their Japanese counterparts. Therefore, DSM will focus some resources on the basics, which are not yet at an acceptable level, instead of channeling all its training resources towards providing the higher skills directly related to the requirements of the jobs at hand. To summarize, about a third of the training that we will be providing for the new employees will be dedicated to enhancing basic skills, with the other two-thirds for higher and more specialized training.

B. DSM's Training Program

Before describing the specifics of DSM's training plans, I think it is important to touch on the overall personnel philosophy in which training plays an integral and central role. This philosophy is based on the belief that in order to achieve effective training and productivity, employees must feel fully satisfied with their jobs and company. How do we a DSM plan to accomplish this mission?

First of all, all employees must be trained in several skills. Under this concept, there is ample potential for workers to learn many skills -- depending on their interests and capability.

Secondly, as a result of this multi-skilled training, workers are capable of being rotated among several jobs. Even within a given day, this instills a sense of contribution and adds variety and challenge to the workday. This requires that workers not be limited to narrowly defined job classifications, but they be available and interested in performing a wider range of assignments.

Third, the workers should be capable of providing minor maintenance and adjustments to their own equipment -- further adding variety to the job and optimizing equipment utilization.

Fourth, we plan to assign workers to specific teams. Within those teams, workers not only develop a sense of camaraderie, but they also can assist fellow employees in training and/or completing assignments. Everyone is accountable for the performance of the team.

Fifth, we believe in eliminating repetitiveness and strenuous jobs through extensive use of robotics. As a matter of fact, we plan to have more than 400 robots, making DSM one of the most technologically advanced plants in the world. By this approach, both productivity and a higher level of employee morale is achieved. This highly robotized environment, of course, requires more specialized training -- both in terms of operation and in terms of maintenance.

Sixth, we believe that employee involvement represents an important contribution to employee satisfaction, overall productivity, and improved quality -- all of which are key to our success.

Seventh, we believe in long-term employment and, therefore, we offer our employees an opportunity for careers rather than mere jobs. We are well aware that this approach requires constant training and retraining to respond to the non-ending new and evolving technologies of the future.

Finally, the employee involvement can be summarized in a term described in Japan as "Kaizen." This refers to a constant and never-ending improvement of the person and the job. This is not only accomplished by a positive attitude towards the job, but also through encouraging employees to make as many suggestions for improvement as possible. Training, of course, plays a major role.

Now that we have defined our employee philosophy and the role that training plays within that philosophy, let me address our specific plans.

Specific Training Plans at DSM

Because training plays such a pivotal role in DSM's success, we are undertaking a massive training program totaling over $70 million -- of which more than $50 million will be spent in this country. To put this in perspective, we are handing our employees a check for over $24,000 each -- equivalent to a four-year college education -- which they can use for the rest of their lives.

The State of Illinois has fortunately granted $40 million of funding for those expenses. By Illinois' own calculations, Diamond-Star is estimated to put back into local taxes about $125 million by 1995.

While a group of 275 people, or almost 10 percent of the total work force at DSM, will be formally trained in Japan from four to six weeks, all associates will participant in a one to three-month training period after hiring. As we said earlier, about a third of this overall training effort will be spent on basic training.

The group going to Japan also includes the group leaders. These are the people responsible for coordinating the effort of ten to fifteen associates in the work team. Once the leaders have mastered all the tasks for which they are responsible, they can then train their associates on multiple jobs. In this way, the entire team develops an espirit de corps and, more importantly, its members are motivated to being more accountable. They will be able to perform and judge the quality of work for every task in their peformance area. The camaraderie created by this team approach is another contributor in creating world-class cars at DSM.

Now some specifics. Last month, the first group of skilled maintenance workers for DSM left for Japan for a ten- month training period. This group consisted of three group leaders and twenty-three maintenance associates. They will work in the areas of die maintenance and repair, and other equipment maintenance.

Approximately 1,000 applications were received for these initial maintenance positions. Before they left, these new employees participated in a three-week orientation program that was conducted at the Illinois State University. Another 163 people, primarily group leaders and some associates, will spend about one to three months each in Japan. The balance of the 275 people will be comprised of system, production engineering, production control, human resources, and manufacturing people. And, they will train in Japan for varying time periods depending on each individual's need. By late this year, we will again be recruiting for the next group of persons for training in Japan.

MMC is also sending 175 people to DSM to help train the work force. For these people, we need to provide English language instruction. In addition to classroom instruction, intensive five-day "camps" will be held for a limited number of instructors. An additional 111 MMC employees will be involved in the development of training texts. In all 300 manuals will be developed describing each step of the production processes and maintenance procedures. These texts will be illustrated and translated into English. This kind of gut-level attention to detail will enable our people to turn out world class state-of-the-art products which can compete with anyone.

As stated earlier, to compete in today's markets, we need well-educated and highly motivated people. All prospective employees will be pre-screened through a series of non-discriminatory tests and interviews in cooperation with the State of Illinois and outside consultants. Applicants will be judged on mental agility, reading proficiency, manual dexterity, and mathematical skills. A physical examination will also be required. However, unlike hiring practices in the past, the criteria for getting a job at Diamond-Star will require a strong mind as well as being physically fit to meet our standards. Just as important, they will also need a capacity for continued learning. Nearly constant training even after production starts will be expected of our associates -- production and management.

We are committed to robotics in our plant to eliminate difficult, monotonous, and dangerous jobs. We have to be committed to using the human resources we have to obtain the highest quality levels. As we are changing the ways we make cars, we are also changing the way we hire, motivate, and train our people. The tests administered by the State of Illinois are one step in that process. In addition, DSM will conduct a series of attitudinal tests on prospective employees. We have just approved the development of an assessment center to identify those skills and attitude attributes necessary to succeed in our system of assembly line work. Once these are identified, we will select and match workers to compatible jobs. The assessment center will evaluate and assess each candidate's capacity for functioning in the production process -- that is, who can best get along with colleagues, who is best apt to exhibit loyalty to his teammates and the company, and who has the greatest aptitude for improving our eventual product.

One of the most important attitudes we hope to foster at Diamond-Star is that of harmony. Until now, and all too often, any discussion of "attitude" was reserved for employees deemed as having "bad" ones. The word itself carried a negative connotation. But, by assessing a person's attitudes towards work and his colleagues beforehand, DSM can make sure its workers will be prepared for the demands of producing the world-class products envisioned. We are betting that anyone who can stand up to this careful scrutiny and multi-step interview process will be able to contribute in a positive way -- not only making but exceeding our very difficult goals.

Lastly, and very importantly, as Chrysler is doing, we need to develop positive working relationships between management and labor. Only then can we guarantee continued improvement of our product. The premise is simple. Workers and their jobs better under cooperative relationships with management, and when their understanding of their responsibilities is clear.

IV. Conclusion

In conclusion, DSM is looking for a good quality work force with basic skills that can be easily adapted to the new technological challenges of the twenty-first century. DSM will then take on the responsibility of providing specialized training -- which applies to both the training for specific jobs at hand as well as the retraining required for its employees in the future.

Furthermore, we believe that training plays a key role in achieving employee satisfaction and a sense of commitment to the company. This commitment provides not only for a high level of competitiveness in terms of productivity, costs, and quality which benefits the American producers, but it also benefits the American consumer with a high quality and reasonably priced product.

V. Closing Statement

Obviously, I am proud of what we are accomplishing through our relationship with our two parents -- Chrysler and Mitsubishi.

And, I am particularly proud of what we are and will be accomplishing in the area of training. I believe training is our key goal that is, if you will pardon the pun, "our driving force." Our training plan will enable us to deliver high quality products which satisfy customers, while at the same time providing new jobs for our American automotive industry

Diamond-Star is already well down the road in implementing our philosophy. And, it is a state-of-the-art operation which with American workers will enhance the international competitiveness of the U.S. automotive industry.

DSM
DIAMOND-STAR MOTORS

G. GLENN GARDNER
CHAIRMAN

April 8, 1987

Honorable Paul Simon
United States Senate
Washington, D.C. 20510

Dear Paul:

It was a pleasure (next time you need not greet me with 12 inches of snow) to appear before your Subcommittee and comment on a topic that I have strong feelings about. Working every day with my Japanese partners "brings home" in a very real way many areas that we as a country must address if we want to remain competitive in the business community.

Attached is my formal reply to your request at the hearing. I hope this will be of some help in your endeavors and if I can be of further service, please advise.

Best regards,

G. Glenn Gardner

GGG:nc
Attachment

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38111 VAN DYKE
STERLING HEIGHTS, MICHIGAN 48077
313/978-6602

DSM
DIAMOND-STAR MOTORS

G. GLENN GARDNER
CHAIRMAN

April 7, 1987

Honorable Paul Simon
United States Senate
Washington, DC 20510

Dear Senator Simon:

It was a privilege to have testified before the Subcommittee on Employment and Productivity last month. It gave us an opportunity to share our strong beliefs that Diamond-Star, as a joint venture between Japanese and U.S. enterprises, will play a contributing role in making our country more competitive in the world arena. Our thrust in modern technology and employee training are key elements in this endeavor.

This letter is in response to your request for our views regarding our country's educational system. Our comments are directed at the basic education to become more responsive to today's industry. A modern industry requiring trained people, capable of adapting to the new technologies and other forms of economic change imposed by worldwide competition.

Before addressing specific suggestions for improvement, let me emphasize that while we are in a good position to define the qualifications of our prospective employees, not being professional educators, our knowledge in this complex subject is limited. Our ideas on improvement possibilities should, therefore, be treated simply as thought starters, recognizing that a superior educational system is an essential ingredient in maintaining a country's international and domestic prowess.

As a final introductory point, our comments are not intended to be a criticism of actions taken on education in this country, but they merely reflect our observations of the current situation when compared with those of other industrialized countries. Our observations have been limited to the areas in which we see opportunities for improving the quality of existing institutions (i.e. public schools) that provide the basic skills for our new workforce. Many excellent aspects of our education which may not need added attention (i.e. parent participation, extracurricular activities, etc.) are, therefore, not addressed in this letter.

38111 VAN DYKE
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I. Our Requirements and Assessment of Current Conditions

First, let me address the issue of the type of graduate that we would like to see join our work force.

As I stated in the testimony, we need employees that come to us with a fundmental foundation in communication, math skills, and preferably some familiarity with computers. It is our philosophy to take individuals with these general aptitudes and train them to tackle the specific and specialized jobs at hand. A work force with a solid foundation in these areas can then easily be trained to adapt to the ever-changing technical jobs of the future.

Secondly, regarding our assessment of current conditions, following are our observations of areas in which improvement could be made:

° Quality Disparity Among Localities

Our observation is that at the elementary and secondary level, the quality of schooling varies tremendously in our country: outstanding in some prosperous suburbs of major metropolises, excellent or reasonably satisfactory in many small towns and rural areas, and generally deficient in the inner cities of major metropolises.

° Science and Math Adequacy

In general, many American students appear to lack adequate science and math education. This has been reported in declining scholastic achievement test scores. Internationally, U.S. students ranked no better than tenth and as low as eighteenth out of twenty industrialized and third-world countries in a 1985 assessment of math achievement.

° Quality of Some Teaching Professionals

Relatively low pay and poor working conditions in some school districts appear to be a deterrent at attracting people into the teaching profession. A Harris poll conducted in 1985 found that one of four U.S. teachers expects to leave the profession within five years. Studies conducted by the National science teachers association showed that about half of the newly employed high school science and math teachers in the U.S. are not fully qualified to teach their subject.

As a comparison, in Japan, teaching is an honored profession. Japanese society entrusts major responsibilities to teachers and expects much from them. In return, it confers high social status and economic rewards. On average, Japanese teachers are paid 40 percent more than their American counterparts. (On the average, teacher salaries in Japan represent 2.4 times the per capita income in the country, compared with 1.7 times in the U.S.)

I. (Continued)

° Limited School Year

Recent studies have reported that American students spend only 180 days a year in school compared with 240 days (including partial Saturdays) in Japan. Overall, by the time a Japanese graduates from high school, it has been estimated that she/he has been to school for an accumulative total of from one to three years longer than American students.

II. Opportunities for Improvement

Perhaps one of the first priorities of an improved school system would be to upgrade the training and educational level of those less fortunate districts and try to develop a much more homogenous primary and secondary education with emphasis on science and math education. A second priority would be to enhance the overall capability of the school system in line with standards achieved by other industrialized countries.

The following thoughts are offered as improvement possibilities:

° National Testing/Standards

Consider national testing standards to insure a basic level of competency in core areas, including reading, writing, math, and basic science. Minimum standards should be considered for exit skills..graduation and promoting between grades. National standards should also perhaps be considered for teachers, combined with higher pay for qualifications and performance.

This national standard approach, utilized extensively by other countries, would involve rethinking our Federal structure of allowing States and localities to determine the quality and control of educational programs.

° Vocational Programs Aimed at Industry

For those students with no interest in University curriculum, there should be vocational alternatives aimed at modern industrial work. Such vocational programs should include visits to modern factories and, in general, there should be a somewhat closer linkage between education and industry so education would be more in tune with the emerging skill requirements.

- Support to Economically Deprived Districts

  The Federal government may have to provide additional support to the more economically deprived school districts. This aid should assist in reducing the classroom sizes for more individualized attention, extending teaching hours, and attracting better teachers to some areas.

- Expand Education and More Effective Utilization of Resources

  It would appear that there are some areas of opportunity for obtaining a higher "educational yield" from the current level of resources.

  Historically the agricultural society dictated a need for an extended summer vacation. Such conditions, of course, are no longer required and we should, perhaps consider extending the school year with staggered vacations, so as to use our limited school facilities on a 12-month basis. Many Universities appear to be moving in this direction.

  We should also consider extending the daily hours of school curriculum.

In summary, we believe there is ample opportunity to enhance the basic educational system in our country, so it would become more responsive to the requirements imposed by a modern industrialized society competing in a global economy. The challenges are numerous and complex, but we believe they can be overcome with the proper leadership and appropriate allocation of resources.

Again, thank you for the opportunity to share our views on education which is so vitally important to making our country more competitive in this rapidly increasing global economy.

Sincerely,

G. Glenn Gardner

GGG:jg

(SI3)4/7/87

Senator SIMON. I thank you, Mr. Gardner.

I would like to insert in the record at this point an article from the Chicago Sun-Times entitled "How to Build An Auto Worker," describing what is happening in your plant.

[The article referred to follows:]

THE CHICAGO SUN-TIMES March 1, 1987

How to build an auto worker

The Japanese blueprint for Illinois car plant

By Cindy Richards
Chicago Sun-Times

NAGOYA, Japan—Days start early at the Dai-ichi Hotel here in the south end of Nagoya, an industrial city of 2 million souls about 250 miles west of Tokyo.

Twenty-six Americans, sporting baseball caps and blue jeans, gather in the lobby of the Holiday Inn-style hotel by 6:30 a.m.—a half hour before the restaurant begins serving breakfast.

They are the first blue-collar workers to be hired by Diamond-Star Motors Corp., the joint automaking venture between Chrysler Corp. and Mitsubishi Motors Corp.

Those 26, all of them skilled maintenance workers, will spend most of this year in Nagoya, the automaking center of Japan. They have completed the first five weeks of what will be a 10-month training program, broken into three 13-week segments.

"These people are the key" to the success of the project, said Douglas DeFrain, manager of employee relations for the company. "We're putting in very sophisticated equipment. If we can't keep it running, there's no return on the investment."

The investment will total $680 million, half from Chrysler and half from Mitsubishi. Most of that money will go into the physical plant structure being built in Bloomington/Normal, Ill. The auto assembly complex is about 60 percent complete. The training, however, has just begun.

As the sun rises on a typical Monday morning, 19 of the DSM workers lounge in the Dai-ichi lobby. Seven others are already on the subway, headed for specialized tool and die training at MMC's suburban Oye plant.

The remaining 19 scan the English-language Japan Times or Mainichi Shimbun as they wait to board the plush Mitsubishi bus at 6:50 a.m. It will whisk them through the rush hour-clogged Nagoya streets, depositing them at the front door of MMC's Okazaki plant an hour later.

At the plant, the trainees start their morning at Diamond Hall, a structure built especially for their training program. A series of stretches that pass for exercises began promptly at 8 a.m.

The 26 men—23 "associates" and three "group leaders"—were carefully screened by an Illinois state-run assessment center before they were offered the job. Of about 1,000 applicants, the assessment center identified 80 who would fit the Diamond-Star requirements. High on

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SUN-TIMES/Cindy Richards (photo) and Tom Carollo (art)

Diamond-Star employees take turns at the welding bench during their training in Nagoya, Japan.

What's different? No stars, for one thing. . .

By Cindy Richards
Chicago Sun-Times

NAGOYA, Japan—To understand the Japanese subway system, 26 Diamond-Star Motors employees stood up in a classroom at Illinois State University and walked into a corner.

"We talked about how crowded the transportation systems are in Japan," said Todd Imahori, a Tokyo native and ISU communications professor who taught a three-week orientation seminar for the DSM workers. "We told them they would have to get used to the lack of space, to getting squashed between people."

And getting squashed into a subway car can be a fairly intimidating experience—even when you're six-foot and the guy squashing you is five-foot three.

Few of the trainees had ever lived in an urban environment. At least three had never been on an airplane before Jan. 25, the day they embarked on their 24-hour trek from Bloomington/Normal, Ill., to Nagoya.

They may have been prepared for that, but they weren't prepared for not being able to see the stars at night. And for a farm boy from central Illinois, it's a shock.

"You can't see any stars," Joseph Hale said as he peered into the night from a window in the DSM community room on the 10th floor of the Dai-ichi Hotel. "I'm used to seeing the stars at night."

In a city of 2 million people and an unknown number of skyscrapers, you don't see the stars come out, or the clouds roll in.

"On the farm, you can see a storm coming for 15 miles," said Rex Schemerhorn, a DSM com-

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SUN-TIMES / Cindy Richards

Russell P. Prunch and other "white hat" trainees spent an entire morning learning the correct way to file a piece of steel.

Continued from Page 1

that list of requirements are a good attitude and the ability to work in a "wa" environment—Japanese for a harmonious workplace.

While it isn't listed as an official goal of the training program, company officials confide that the camaraderie and teamwork developed through the 10 months of isolation in Japan could be just as much a key to the success of the project as the skills training itself.

"I look at this as my company and I've got a say in how to run it. It wasn't that way at Caterpillar," said Russell P. Prunch, a former Caterpillar worker who was laid off before he got the call from DSM.

"It's difficult to set up a classroom" that would teach the same thing, said G. Glenn Gardner, chairman of Diamond-Star, during a recent interview at MMC's headquarters in Tokyo. "If you bring them over here and they live it, they establish a culture in the plant. They have to live it first."

DSM President Yoichi Nakane said the theory of the training program reflects an old Japanese proverb. One looking is better than 100 hearings.

"This is hands-on looking," Gardner said.

"Hands-on" in Japanese training means literally beginning at the beginning.

Two weeks ago, a group of the Okazaki trainees—called "white hats" after the color of their hard hats which differentiate them from the "blue hats" who are learning die maintenance—spent an entire morning learning the correct way to file a piece of steel.

It led to a bit of grumbling from the workers, who found the conditions and work very primitive. After all, the "multi-skill" concept used by the Japanese is new to most of them. In their former jobs, someone else did the filing.

"Some fields they like, some they don't, so their performance varies.

THE CHICAGO SUN-TIMES March 1, 1987

Japanese blueprint for Ill. auto plant

SUN TIMES/Cindy Richards

The trainees start their morning at Diamond Hall, a structure built especially for their training program, with a series of stretches that begin promptly at 8 a.m.

That's natural," said Toshiyuki Kobayashi, assistant engineering manager for MMC and one of the trainers at the Okazaki plant. He will move to Bloomington in July to become manager of production maintenance.

The training groups of four workers are set up so that each member is already highly skilled at a certain task and enjoys performing that task.

"We hope that he will pull up the other three who don't like it," Kobayashi said.

The skill level of the DSM workers presented a new challenge to the MMC trainers, who normally work with new hires right out of high school. Those Mitsubishi workers already are inclined toward being "generalists," the multi-skilled workers the Japanese seek.

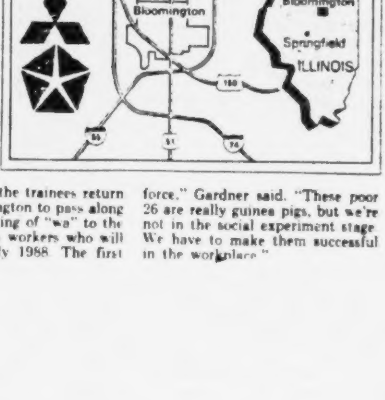
The Diamond-Star workers, however, have an average of 10 years' experience in a specialized trade. They don't do their own filing, and they don't accept orders without questions. To accommodate those differences, MMC altered its training program to fit the needs of the Diamond-Star workers, and to mold them into the Japanese work style.

Initially, the training program varies little from that given to MMC workers. It features lectures on the importance of the organization, the worker's place in the organization, and the need for quality and teamwork.

From there, the DSM workers move quickly into training segments that discuss the role maintenance plays in the production process, on-the-job practical training and specialized training on actual DSM production equipment that will be set up in a corner of the Okazaki plant.

The first DSM prototype car, which the company will identify only as a "sporty specialty two-door," will roll off that simulated production line this fall. Soon after, the trainees return home to Bloomington to pass along their understanding of "wa" to the 2,500 production workers who will be hired in early 1988. The first vehicle for sale will roll off the line in Bloomington in November, 1988.

"DSM is the first company to launch an all-new car from an all-new plant with an all-new work force," Gardner said. "These poor 26 are really guinea pigs, but we're not in the social experiment stage. We have to make them successful in the workplace."



East meets Midwestern Man

Continued from Page 1

puter specialist who was with the 26 blue-collar trainees for a few weeks.

Those are minor inconveniences for 26 intense, committed men to overcome. After all, their ability to adapt to new ideas and new ways of working was a key reason they were hired for the prized maintenance jobs over the nearly 1,000 other applicants.

They have retained their sense of humor as they settle into this foreign country. They point out neon signs advertising "Rounge." (Lounge, for the unenlightened.) They buy "fluit punch" from the vending machines

"We were prepared for this [culture shock]. It falls back on Diamond-Star. This is a class operation," said Michael Sorak, a group leader and one of the few DSM trainees who has worked in an auto plant. Sorak spent 12 years at Ford Motor Co. and was working for the General Motors Corp.-Toyota Motor Corp. joint venture plant in Fremont, Calif., before signing on with Diamond-Star.

> **" The impression here is that the guy putting out a car is gold. "**
>
> —Russell Prunch.

In just three weeks, the trainees had mastered the subway system and learned a few words of Japanese. One of their favorites is "makasanasai." It means "no problem, trust me."

They've found a country-western bar called "Country Joe's." It's a small place with wooden floors and a Japanese band that does a flawless impersonation of Willie Nelson.

Early on, they located the nearest McDonald's and a Denny's-like restaurant that serves American-style spaghetti

Aside from the sushi, they are embracing Japanese culture.

Singing, for example.

Japanese business culture includes "singing bars"--dark, intimate, male-only places where the main attractions are good whiskey and a sound system.

The host provides a tape of the musical arrangement, sheet music and a microphone. The Japanese patrons croon any number of Japanese and American favorites, including "I Left My Heart in San Francisco," and "The Sukiyaki Song."

They caress the microphone, sway to the music, and sing with feeling. Regardless of how well they speak English, the singers can belt out a rendition of "I Did It My Way" that mimics Frank Sinatra so precisely even he would be proud.

On a recent day-long sightseeing trip to a sacred Shinto shrine in Ise and Mikimoto's Pearl Island, the Mitsubishi bus came equipped with a sound system and microphones. The trainees, regardless of musical talent, joined in, singing, "Take Me Home Country Road" and "The Tennessee Waltz."

"I'm surprised how fast we've adapted," David Larimore said during a wide-ranging discussion in the community room on the 10th floor of the Dai-ichi Hotel. It's where the DSM trainees gather for socializing at the end of their 12-hour days in the plants.

The 26 trainees spend a lot of their time together, either on the job or in the community room. They watch movies on their video recorder, play cards, talk, and write letters home. They write letters by the bags full.

In the plant they wear brown polyester double-knit uniforms that "make us look like a convention of UPS drivers," Russell Prunch said.

They rib each other, and their Japanese hosts, who react by turning their faces, grimacing and taking a sharp breath. It's a mannerism that the trainees--all 26 of them--have picked up. They imitate what they call "sucking wind" almost as if on cue whenever a thorny problem crops up

During a recent discussion, a visitor asked if Diamond-Star would ever be unionized. Immediately, the six trainees turned their heads and sucked wind.

They tease the DSM managers that they "want to see the union steward." While that may be in jest, many of the trainees were members of unions at their previous jobs and they seem to believe that Diamond-Star will have a union too.

They aren't sure that union will be the United Auto Workers, however. They say they hope it will be a Japanese-style company union. That, they say, would keep in mind the best interests of the company as well as the workers.

Despite some minor grumbling and a heavy dose of homesickness, they talk with pride about Diamond-Star and say that the best part is being considered an integral part of its development.

"The impression here is that [management] is a dime a dozen and the guy putting out a car is gold," said Russell Prunch.

"I've never had a job where my employer treats me like this. They make you feel like someone important. It's going to be tough going home. I'm going to say 'Hey, I'm Russ Prunch. I was somebody important.'

"I wasn't this important three weeks ago."

Senator SIMON. One of the things that you are going through, Mr. Gardner, is this meshing of two different cultures. Can you tell me—I assume you probably had to go through some of that yourself.

Mr. GARDNER. I certainly did.

Senator SIMON. Can you tell me just what you went through, because I think in many ways we are going to experience—and I am sure Motorola is doing the same—we are going to be experiencing this more and more in our society. What happens? What are the problems and what is the potential of this?

Mr. GARDNER. As Bill said in his prepared remarks—and he touched on it I think very well in a couple of areas—consensus, of course, is the key to Japanese business management, and from my previous experience in the auto industry we tend to do a little more directing from the top down, rather than from the bottom up, and going into the joint venture with Mitsubishi, I fully expected a lot more bottom up kind of effort than what we normally apply in the United States auto industry. I found that to be true in the joint venture. I expected that to be very difficult to adapt to.

As it turned out, it became not near the challenge that I thought it was going to be. When we actually participated as a joint venture, it became a very natural way of doing business. American businessmen and employees at lower levels are very flexible people. Our whole society is based on a lot of flexibility, I think. So it was quite surprising to me how easy it was to adapt to a consensus way of doing business.

The most significant difference that we found in evaluating the productivity of our new plant, expected productivity, versus some of the older plants in our industry, was in the area of training, so the subject that you are talking about is indeed what I found to be essential to putting the two cultures together.

Yes, there is a broad diversity of culture. There is a great difference in the base of the two cultures, but I have found no difficulty of mixing Japanese workers and American workers together in our joint venture.

Very early in the process, the first decision that we made I think is probably the best, was to take the Japanese and the American workers and to set them side by side in the office and work as a team, and amazingly enough, the language problems, the different way of working quickly disappeared when we were sitting across from each other working as individual members of the team, the same team. So I do not find it as difficult as I thought it was going to be, and I think joint ventures like ours, or if we simply adopt the training techniques of applying some of the Japanese work methods to American industry, that it will not be all that difficult to absorb and—I should not say copy, but at least integrate that kind of philosophy in the work place, but it will take a very strong commitment on the part of individual companies and I think also the educational institutions and government to support the amount of training that I think it is going to take for us to adapt to those techniques. We cannot simply talk about it, we must live it and that is the only way I think it will work.

Senator SIMON. In both of your cases, you are talking about spending a substantially higher percentage of your revenue on training and retraining than most businesses today are accustomed to. Is that going to have to be part of the American industrial scene tomorrow, if I can ask both of you that question?

Mr. WIGGENHORN. I would say yes. As a matter of fact, I was just attending a conference with twelve other large U.S. based manufacturing organizations this week, and one of the organizations made a tremendous comeback since 1983. It is now estimated that they will have to spend 6 percent of the operating expense at each one of their plants to maintain their work force at the productive rate necessary to make continuous improvements.

The second conclusion reached was that out of every 40 hours scheduled for a member of the work force, 5 of those hours would have to be scheduled for training. Now, that is a lot more than I am sure most of us ever dreamed of a few years ago.

Our target in Motorola is we feel we will eventually have to spend 3 percent of payroll costs in training, which is actually double what we established as our base in 1984.

Mr. GARDNER. I agree with Bill. I do not have the statistics that he has, with us being a brand new company, but yes, our feasibility study and profitability study associated with Diamond-Star has committed a significant amount of continued training to our work force, well beyond my experience in the auto industry in the past. Of course, my parent company, Chrysler, in cooperation with the UAW just recently, is expending a great deal more training in some of our existing plants with the new labor contracts that have been negotiated.

So I think all of the companies that I am familiar with are recognizing that we are going to have to spend a great deal more effort in the areas of training, both financially and, as Bill touched on, it is sometimes much more difficult to do, is getting that 5 hours out of 40. Many times you have an employee well trained, he is doing an outstanding job for you, take him off that job for 5 hours is more critical than the actual dollars expended, so yes, I think there is a strong commitment that we will have to spend a great deal more effort.

Senator SIMON. To what extent can the two of you use existing educational structures, community colleges, the University of Illinois or Illinois State University? Now, I know William Blakey from my staff visited your training facilities and has been much impressed by them, I might add. To what extent do you feel you have to design your own program and cannot rely on public facilities?

Mr. GARDNER. From our standpoint, of course, we are experiencing that right now, we are using Illinois State University for some of the preliminary training, and I think the first effort that we made at that has been very successful. It has worked very well for us.

To the total extent, we feel that our skills are highly tailored to our process and we have not found yet a very successful marriage between developing the basic employees to the dedicated skills by using university or outside educational help. I think that will probably remain inside the company, for a couple of reasons, one reason being we, to be competitive, have to be constantly improving our productivity, and that becomes a very secret, if you will, and competitive need to not let the general public have that information. It makes it difficult to work with an educational institution.

But informing the basic employee, I think there is room for help and assistance from the existing educational institution in the community.

Mr. WIGGENHORN. We have found our relationship, especially with community colleges, to be very good, and we really concentrate on having the community college provide the basic skills, for instance, understanding the keyboard or basic statistical process control or something like that, we work with the university, especially the junior colleges in that particular area.

One of the issues there is even in the basic areas, many times they do not have the hardware or the software to really provide the base of education that we feel is necessary or are either in a position of giving it to them and training their staff on how to deliver it and give it to others or doing it ourselves.

I think it was significant in 1983, because this comes to the next issue of upgrading some of the talent within our university system, that when IBM in the early eighties established their Manufacturing Institute, which is like an advanced or graduate school in manufacturing, they went throughout the United States to seek faculty. In real life there were not any.

They really had to develop their own faculty within the corporation and then invite from the universities to study the processes, key potential faculty members, and today in our Institute of Manufacturing and others we now draw from that pool. But we really had such a shortage that, even going to the universities, those people did not necessarily exist.

There is a new book called "Manufacturing Excellence," published by Dr. Bob Hall, from the University of Indiana, which has just come out and has been introduced in the marketplace, and he drives the point that, one, the most difficult tasks will be for middle management to survive all this transition. They need a lot of education, and many of the universities are simply not prepared to address that.

So our general management training is very specific to the environment we find ourselves in, so the long answer is yes, we want to work, we are working, but many times the resources are not there or the people simply are not up to date on what is going on.

Senator SIMON. Both of you mentioned English language skills. If we want to put people to work, the lesson would appear to be—and I do not want to be putting answers in your mouths here, but the lesson would appear to be that if we have sizable chunks of population whose mother tongue is Spanish or Vietnamese or something else, if we want to not see high unemployment rates ever, we had better be getting English language programs going for them as rapidly as possible. Am I correct in that conclusion?

Mr. GARDNER. In our particular case, it is even more difficult because we are taking a Japanese process and converting the Japanese process from Japanese to English, a very expensive and difficult process for us, because direct translation from Japanese to English is not easy.

But then to take that and subdivide it down to Spanish or, if you will, black English or regional English, any of those problems with the individual is extremely difficult for us. So I think just getting kids to stay in high school and learn American English when they get out of high school is essential to us. As we see our job, it will require reading individual manuals, it will require constant updating of training, which requires reading as well as communication skills; and in the particular case of the process that we will put in Diamond-Star, the individual worker on the line will write his own job description, if you will, or his own operating procedure, so he must be able to read, he must be able to write, and he has got to understand English, not Spanish, not Japanese, but plain English. It is difficult for us to work in any other language than English, and it is essential that our schools turn out English competent students.

Senator SIMON. Mr. Wiggenhorn?

Mr. WIGGENHORN. I would just add one more comment, and that is so far all the automated equipment we have put in speaks English, so that the robots that the people interface with give the commands and the response is also in English. So just for their own safety, it becomes very important that you not only be able to speak but understand English very clearly.

Now, at Motorola that is a change, because for the first thirty, forty years of our existence in Chicago, many of our employees spoke various Eastern European languages and functioned quite well. In the Southwest, where we employed thousands of individuals, Spanish or versions thereof was the primary language. It is just no longer possible to keep people trained in both the knowledge and skills and the safety aspects of the jobs that are necessary unless they really understand English.

There is also another side, we are doing a lot more training at all levels in Japanese language and culture, Chinese languages, German and French than ever before, and at all levels, because again communication between partners, between customers just becomes extremely critical and we can't expect everyone else to learn English but we can certainly expect our own work force to speak English.

Senator SIMON. If I may follow through on that, what it means is if someone comes to you who speaks English and French or English and German, that person then becomes a great asset——

Mr. WIGGENHORN. Right. That——

Senator SIMON. In your case, English and Japanese.

Mr. GARDNER. Absolutely.

Senator SIMON. That is a great plus for all of you.

Mr. WIGGENHORN. Correct.

Mr. GARDNER. But the basic is still he must be able to communicate very fluently in English.

Senator SIMON. If I can give one assignment to each of you here, after you have gone to all the trouble of being here and testify and give excellent testimony, I would be interested—I am going to keep the record open for your letter on this—I would be interested in a letter from each of you on your reflection on the American educational system today.

If all of a sudden President Reagan were to say to you, Bill Wiggenhorn and Glenn Gardner, you are the new Commissioner of

Education, restructure American education, what would you like, what changes would you like to see?

Mr. WIGGENHORN. I think, Senator, I could simply send you all the evaluations I received from my own students, because that is one thing everyone seems to be an expert at, that is where all the prophets are. I will share that with you.

Senator SIMON. Well, I have a feeling that both of you come at this from a little different perspective, and you can make a valuable contribution.

Let me thank both of you not only for your testimony here, but what you are contributing to my State of Illinois and to the Nation. We are very grateful to you. Thank you very, very much.

Mr. WIGGENHORN. Thank you very much.

Mr. GARDNER. Thank you.

Senator SIMON. We are pleased to have a panel made up of Don Davis, the Co-Executive Director for the Human Resources Center, United Auto Workers, Detroit, and Jack Sheehan, the Assistant to the President, United Steelworkers, who is accompanied by Mr. John T. Smith.

Mr. Davis?

STATEMENT OF DON DAVIS, DIRECTOR, HUMAN RESOURCES CENTER, UNITED AUTO WORKERS; AND JACK SHEEHAN, ASSISTANT TO THE PRESIDENT, UNITED STEELWORKERS OF AMERICA, ACCOMPANIED BY JOHN T. SMITH, ASSISTANT TO THE PRESIDENT

Mr. DAVIS. Mr. Chairman, my name is Don Davis and I am the Assistant Director to the General Motors Department of the International Union, UAW. I appear here today and represent Don Ephlin, the UAW Vice President and Director of the General Motors Department. Don has asked that I prepare and present testimony regarding what we in the UAW believe to be the most far-reaching joint training and retraining job placement activity in the history of American industry.

We are proud of the programs we have negotiated with GM and, as you will see from my testimony, we believe that government can play a critical and important role in creating public and private partnership with programs such as ours in order to retrain the American industrial work force to better meet foreign competition.

First, I want to say a few words about technology and I will try to make my testimony brief. I know we are running a little short, but there are a few things that I think are necessary and might highlight some discussion that is important.

Over the past 6 years, General Motors has invested $41.5 billion in state of the art new U.S. plant, technology and equipment, and they have brought modern technology into the corporation by purchase and acquisition of electronic data systems and Hughes Aircraft Company. I believe it is fair to say that GM's potential for utilization of modern technology is second to no other foreign or domestic automotive manufacturer.

Along with that, it is increasingly more important that the training has to go along with that, not only with the robots and the new plant paint booths, but the small parts as well as the inventory and delivery are different.

Perhaps more important is the way people work together. The work process itself is different. Our people must learn with management to use "team build" concepts and to solve work related problems as a group. As a result, the need for inter-personal skill training is as great as the need for job skill training in the modern work force.

We have talked about the displaced workers. Our contract provides for up to 5 years of training and replacement benefits which are offered through our national offices, as well as a network of regional UAW-GM human resource centers which we are establishing nationally.

As a result, our UAW-GM programs are aimed at two populations, the active UAW-GM worker who requires job skill training and often basic skill remediation. And the dislocated GM worker who requires basic and job skill training, perhaps relocation and job search assistance, and job placement services in non-GM occupations.

I would like to briefly describe how programs for both populations are provided, administered and funded.

A dislocated worker—last year we had approximately 20,000 dislocated workers nationally. We anticipate having over 50,000 by year-end 1987. We currently have eight area centers and five satellite centers serving our members in 22 States. We are well on the way to having a national network of centers.

Every dislocated UAW-GM worker with one year seniority is eligible for prepaid tuition assistance payments of up to $5,000, depending upon seniority. The UAW-GM tuition assistance program is important to dislocated workers who wish to voluntarily enter into self-directed remediation and job training for new occupations. To date, over 19,000 have participated.

As a result of on-going job development activity by the area centers and national office, we can offer on the job training and job placements to the majority of our workers (approximately 70 percent). We enter into contracts with employers, in which we provide on-job training subsidies of up to 50 percent of wages for an agreed upon period of time in exchange for a job placement. Our contracts are very similar to JTPA Title III contracts with employers. In fact, where we have access to Title III funds, they are used to supplement UAW-GM funds.

When contracting for job skill training, we increasingly favor performance based contracts that feature intensive, short-duration classroom training offering a viable job placement. As our dislocated workers have very finite limitations on unemployment insurance and supplemental unemployment benefits, we do not encourage training for the sake of training. We want a job at the end of the training and prefer doing business with educational agencies who understand our needs and are willing to offer us reasonable job placement rates, usually 70 to 80 percent.

Our dislocated worker activity is funded as follows:

The UAW-GM National Nickle Fund is generated by the 1982 and 1984 UAW-GM national agreements. The contract provides 5 cents for each straight time hour worked, and 50 cents for each overtime hour worked in excess of 5 percent of straight time by every active UAW-GM worker. The fund is administered jointly through our office by the UAW-GM Executive Board Joint Activities, headed by Don Ephlin and GM's Al Warren.

Where available to us, State Job Training Partnership Act Title III funds are used for eligible workers to supplement the Nickle Funds.

In some States (Michigan and New York, for example), we have obtained adult education and vocational education reimbursements from State government for public schools providing these services to our non-high school completers. As I will indicate in a few moments, this type of educational reimbursement offers real promise for increased State and Federal participation in programs such as ours.

A couple of words about the active workers. We have 380,000 UAW-GM workers nationally today. By year-end 1987, we expect to have 350,000 or fewer as a result of recent plant closing announcements by General Motors. I want our legislators, particularly those from this committee, to know that we have jointly developed pre-layoff intervention programs which we will offer those workers whose plants are being closed or where entire shift operations are being discontinued.

Pre-layoff programs will provide orientation and group discussion opportunities for entire plant populations to acquaint our members with their contract rights, subsistence benefits, guaranteed income stream program and job opportunity bank security bank applications, and the training and placement programs available to them following plant closings and dislocations.

In addition, workers will be referred to appropriate UAW-GM and community services prior to layoff if they require counseling, basic skill training, career planning, and related services.

For example, we have created a public/private partnership with the U.S. and Michigan Departments of Education at the GM Willow Run Hydramatic Plant. Working together, we have created a national model demonstration industrial training program, which we hope will help to demonstrate how public education can collaborate with private training efforts. I can provide you more information on this project if you wish to have someone contact my office.

We have workers who require basic skill remedial training to help them successfully complete job skill training programs. Remedial training is often needed in decimals and working with negative numbers prior to receiving statistical process control training, for example. SPC training is important to plants and workers seeking to improve product quality.

We have skilled trades workers, such as electricians, who have a journeyman's card and have worked with electricity their entire lives. Now they must learn electronics in order to install and service computer controlled production equipment.

The list of job skill training needs varies by plant, by department, and by operation. Cutting across all of that is the need for workers and management to learn how to work together better in a new organizational culture, which we believe we are helping to create at the Human Resource Center.

We also offer the tuition assistance program to active workers who wish to undertake credit and non-credit training on their own. Increasingly, our active workers are responding to this program. The tuition assistance program offers workers up to $1,500 in tuition payments annually for degree and job-related-oriented programs, and up to $1,000 annually for personal, non-credit course work. To date, we have processed almost 100,000 applications from active workers. Our total tuition payments to date for both active and inactive workers is over $31 million, and we are currently processing applications at a rate of $1 million per month.

Our active worker programs are funded as follows:

The UAW-GM Dime Fund, generated by the UAW-GM contracts, provides 10 cents for each straight time hour worked by every active worker. One-half stays with the plant and is administered locally by the Joint Skill Development and Training Committee. The other half goes into a national reservoir fund, administered by the Executive Board-Joint Activities. Local joint committees who exhaust their local Nickel Fund can request additional money from the reservoir fund.

Where available (New York and Indiana, for example), we utilize State appropriated funds earmarked for retraining and upgrading active worker skills.

Our greatest cost by far, in relation to active worker training, is the payment of wages and fringes for workers in the program. Participant wages and fringes easily represent over 80 percent of our total training costs, and that does not take into account lost production by workers in training. The costs are astronomical. It costs us an average of $22.50 per hour in wages and fringes to retrain a production worker, and even more to retrain a skilled trades worker.

To put it another way, if every UAW-GM worker received 100 hours of training annually (two and a half weeks), the cost of wages and fringes alone would approach $800 million a year. Our joint training funds do not generate 15 percent of that amount.

I mention this in my testimony for a specific reason: There may be some among those responsible for the administration of federal job training programs who view us as "rich" because we have access to UAW-GM joint training funds we have negotiated at the bargaining table, and those who feel we are not needy enough to warrant federal assistance for our programs. Such is decidedly not the case. We do not have nearly enough joint funds to meet our members' training needs and, for the record, our members and GM pay their fair share of taxes and we strongly feel that our joint programs must receive fair and equitable access to public training resources.

So, clearly, we look to government for assistance wherever we can find it. The federal response, in the form of the Job Training Partnership Act Title III funds and Trade Adjustment Assistance Funds, while helpful, are aimed at dislocated workers. Little federal attention and only occasional State attention has been focused on the real and immediate retraining needs of active, industrial workers. Yet, everyone agrees that retraining a more competitive American industrial workforce is among the more serious challenges we as a Nation face.

Certainly, if we are unable to face it, we must be prepared to face a future full of increasing trade imbalances and an economy ever more dependent on low-paying, so-called "Service sector" jobs and a serious decline in both our standard of living and our ability to defend ourselves economically or militarily

We find that few public policy-makers disagree with the concept of government support for active worker training programs. The volume of proposed legislation we review from the Congress and many State legislatures is testimony to your growing interest and we appreciate it.

The problem seems to be not "should we in government help," but, rather, "how can we help."

I have a few examples that we think the government can help develop without new massive legislation. One is an adult and vocational education eligibility. The criteria for eligibility at the State level, where we must deal, offers State reimbursement to school districts, community colleges, and vocational schools who provide services to "non-completers." Using this criteria, the 20 percent of our workers who did not complete high school qualify; the 80 percent with high school diplomas do not. If we need to remediate the 80 percent, we must pay for it. Yet, an adult industrial worker who received a high school diploma or GED certificate ten or fifteen years ago does not retain math or reading skills if those skills have not been used. How many of us remember how to calculate square root the long-division way we were taught in the 8th grade? When it comes to learning, "use it or lose it" is very true.

So let me suggest a new criteria for eligibility: Proficiency. Let the new criteria be "if an adult enrolled in an industrial training program approved by the State Department of Education is not sufficiently proficient in basic skills to successfully complete a job skill training program, the adult's remedial training shall be eligible for State reimbursement."

Now, that may not be technically correct language, but I am sure it is understandable.

The second one, remediation is offered to enhance basic skills. Those skills are defined as reading, writing, and math. I do not argue that is a bad definition, but clearly it is an old definition. Today, a growing number of workers also require "computer literacy," and I would argue that definition should be added, certainly for those adult workers enrolled in training programs approved by the State Department of Education.

Many states have open enrollment policies for adult learners. Many do not. Some require a "headcount" (i.e., Michigan's 4th Friday count). Our programs do not start in September, they may start in January or they may start in August. I would urge an open enrollment policy for adult workers, so long as they are enrolled in a State approved course.

JTPA Title III eligibility: Title III funds are useful to assist workers who have become dislocated. However, if Congress ever had any intent to use Title III funds to prevent dislocation, it has been long forgotten. I would urge that allowable use for Title III funds be broadened to include two major categories of workers:

Those facing an announced plant closing or indefinite layoff should have access to Title III funds for pre-layoff intervention programs approved by each State's job training coordinating council.

In the UAW-GM, we have what we call the Job Opportunity Bank Security Program. This enables employees who are dislocated as a result of new technology or out-sourcing or productivity improvements to flow into a bank that keeps them from being laid off and they go into a training bank. They do not draw unemployment insurance, they do not draw sub benefits, they are not laid off. However, they are dislocated, they are displaced, and they are in dire need of training and they need their skills remediated. We would suggest that those employees in that bank be eligible for Title III or Trade Adjustment Assistance benefits.

We currently have 20,000 employees in the jobs bank throughout General Motors and that number is growing.

I appreciate the opportunity to share our UAW-GM training experience with you and your committee, Mr. Chairman. If you have any questions, I would be happy to try to answer them for you.

Thank you.

[The prepared statement of Mr. Davis follows:]

MARCH 6, 1987

TESTIMONY OF
DON DAVIS, ASSISTANT DIRECTOR
GM DEPARTMENT
INTERNATIONAL UNION, UAW

BEFORE THE
SENATE COMMITTEE ON LABOR & HUMAN RESOURCES
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
SENATOR PAUL SIMON
CHAIRMAN

March 6, 1987

Senator Paul Simon
Chairman
Subcommittee on Employment
& Productivity

Senate Committee on Labor
& Human Resources

Mr. Chairman and Senators:

My name is Don Davis and I am the Assistant Director of the GM Department, International Union, UAW, and Co-Director of the UAW-GM Human Resource Center located in Auburn Hills, Michigan. The Center serves as the national administrative office for a variety of joint UAW-GM training activities and each activity is coordinated by a two (2) member UAW and GM team. I also have a GM team partner and fellow Co-Director, Rich McMillan of GM.

I appear before you today to represent Don Ephlin, UAW Vice President and Director of the UAW's GM Department. I want to express Mr. Ephlin's regret at his inability to meet with this Committee today - it is an appearance he was looking forward to. However, in his absence, Don Ephlin asked that I prepare and present testimony regarding what we in the UAW believe to be the most far reaching joint training and retraining job placement activity in the history of American industry. We are proud of the programs we have negotiated with GM and, as you will see from my testimony, we believe that government can play a critical and important role in creating public/private partnerships with programs such as ours in order to retrain the American industrial workforce to better meet foreign competition.

FIRST, I WANT TO SAY A FEW WORDS ABOUT TECHNOLOGY. OVER THE PAST SIX YEARS, GM HAS INVESTED 41.5 BILLION DOLLARS IN STATE OF THE ART NEW U.S. PLANT, TECHNOLOGY AND EQUIPMENT. THEY HAVE BROUGHT MODERN TECHNOLOGY INTO THE CORPORATION BY PURCHASE AND ACQUISITION OF ELECTRONIC DATA SYSTEMS AND HUGHES AIRCRAFT COMPANY. I BELIEVE IT IS FAIR TO SAY THAT GM'S POTENTIAL FOR UTILIZATION OF MODERN TECHNOLOGY IS SECOND TO NO OTHER FOREIGN OR DOMESTIC AUTOMOTIVE MANUFACTURER.

HOWEVER, BOTH WE IN THE UAW AND GENERAL MOTORS RECOGNIZED SEVERAL YEARS AGO THAT BRINGING NEW TECHNOLOGY AND NEW WORK PROCESSES ON LINE WOULD MEAN THAT THE JOB SKILL REQUIREMENTS FOR OUR MEMBERS WOULD BE INCREASED SUBSTANTIALLY. IN THE MODERN PLANTS, IT ISN'T JUST THE ROBOTS AND AUTOMATIC PAINT BOOTHS THAT REPRESENT CHANGE; EVEN THE HAND HELD POWER TOOLS ARE NEW AND DIFFERENT, AND THE WAY PARTS ARE INVENTORIED AND DELIVERED ARE DIFFERENT.

PERHAPS, MORE IMPORTANTLY THE WAY PEOPLE WORK TOGETHER - THE WORK PROCESS ITSELF IS DIFFERENT. OUR PEOPLE MUST LEARN, WITH MANAGEMENT, TO USE "TEAM BUILD" CONCEPTS, AND TO SOLVE WORK RELATED PROBLEMS AS A GROUP. AS A RESULT, THE NEED FOR INTERPERSONAL SKILL TRAINING IS AS GREAT AS THE NEED FOR JOB SKILL TRAINING IN THE MODERN WORKFORCE.

BOTH WE AND GM RECOGNIZE THAT, AS NEW PLANTS COME ON LINE, OLD, OBSOLETE PLANTS WILL COME OFF LINE. THAT IS BEGINNING TO HAPPEN. WHILE MANY UAW-GM WORKERS IMPACTED BY GM PLANT CLOSINGS WILL RECEIVE OTHER GM JOBS, AS A RESULT OF THEIR SENIORITY AND THE JOB SECURITY PROGRAMS WE HAVE NEGOTIATED IN OUR CONTRACTS, MANY OTHER UAW-GM WORKERS WILL FACE INDEFINITE LAY OFF WITH LITTLE CHANCE FOR RECALL TO GM EMPLOYMENT.

FOR THESE DISPLACED WORKERS, OUR CONTRACT PROVIDES UP TO FIVE YEARS OF TRAINING AND PLACEMENT BENEFITS WHICH ARE OFFERED THROUGH OUR NATIONAL OFFICE, AS WELL AS A NETWORK OF REGIONAL UAW-GM AREA HUMAN RESOURCE CENTERS WHICH WE ARE ESTABLISHING NATIONALLY.

AS A RESULT, OUR UAW-GM PROGRAMS ARE AIMED AT TWO (2) POPULATIONS: THE ACTIVE UAW-GM WORKER WHO REQUIRES JOB SKILL TRAINING AND, OFTEN, BASIC SKILL REMEDIATION, IN ORDER TO PERFORM THE TASK OF THE JOB OF TODAY AND IN THE FUTURE. THE DISLOCATED UAW-GM WORKER WHO REQUIRES BASIC AND JOB SKILL TRAINING, PERHAPS RELOCATION, JOB SEARCH ASSISTANCE, AND JOB PLACEMENT SERVICES IN NON GM OCCUPATIONS.

I WOULD LIKE TO BRIEFLY DESCRIBE HOW PROGRAMS FOR BOTH POPULATIONS ARE PROVIDED, ADMINISTERED, AND FUNDED.

UAW-GM DISLOCATED WORKERS:

LAST YEAR WE HAD APPROXIMATELY 20,000 DISLOCATED WORKERS NATIONALLY; WE ANTICIPATE HAVING OVER 50,000 BY YEAR END, 1987. WE CURRENTLY HAVE EIGHT (8) AREA CENTERS AND FIVE (5) SATELLITE CENTERS SERVING OUR MEMBERS IN TWENTY-TWO (22) STATES; WE ARE WELL ON THE WAY TO HAVING A NATIONAL NETWORK OF CENTERS.

EACH CENTER IS CO-ADMINISTERED BY A UAW-GM JOINT TEAM. VIRTUALLY ALL SERVICES ARE PROVIDED THROUGH PERFORMANCE BASED CONTRACTS WITH LOCAL PUBLIC/PRIVATE VENDORS AND EDUCATIONAL INSTITUTIONS.

EVERY DISLOCATED UAW-GM WORKER WITH ONE YEAR SENIORITY IS ELIGIBLE FOR PREPAID TUITION ASSISTANCE PAYMENTS (TAP) OF UP TO $5,000, DEPENDING ON SENIORITY. THE UAW-GM TUITION ASSISTANCE PROGRAM IS IMPORTANT TO DISLOCATED WORKERS WHO WISH TO VOLUNTARILY ENTER INTO SELF-DIRECTED REMEDIATION AND JOB TRAINING FOR NEW OCCUPATIONS. TO DATE, OVER 19,000 HAVE PARTICIPATED.

ALL DISLOCATED WORKERS ARE ENCOURAGED TO ENROLL INTO AN AREA CENTER IN THEIR REGION, THROUGH OUTREACH EFFORTS CONDUCTED BY THE UAW AND MANAGEMENT. TYPICALLY, WORKERS WILL RECEIVE AN ORIENTATION AS TO PROGRAM OFFERINGS AND SCREENING TO DETERMINE THEIR ELIGIBILITY FOR UAW-GM PROGRAMS (AND JOB TRAINING PARTNERSHIP ACT, JTPA, ELIGIBILITY IF THE CENTER HAS ACCESS TO TITLE III FUNDS).

AS A RESULT OF ON GOING JOB DEVELOPMENT ACTIVITY BY THE AREA CENTERS AND NATIONAL OFFICE, WE CAN OFFER ON THE JOB TRAINING (OJT) JOB PLACEMENTS TO THE MAJORITY (APPROXIMATELY 70%) OF OUR WORKERS. WE ENTER INTO CONTRACTS WITH EMPLOYERS IN WHICH WE PROVIDE OJT TRAINING SUBSIDIES OF UP TO 50% OF WAGES FOR AN AGREED UPON PERIOD OF TIME IN EXCHANGE FOR A JOB PLACEMENT. OUR CONTRACTS ARE VERY SIMILAR TO JTPA TITLE III CONTRACTS WITH EMPLOYERS; IN FACT, WHERE WE HAVE ACCESS TO TITLE III FUNDS, THEY ARE USED TO SUPPLEMENT UAW-GM FUNDS.

OTHER WORKERS ARE GUIDED INTO SELF DIRECTED JOB SEARCH WORKSHOP ACTIVITY IN WHICH THEY LEARN RESUME WRITING, INTERVIEWING, AND NETWORKING SKILLS, AND ARE ENCOURAGED TO SEEK EMPLOYMENT BY COUNSELORS AND THEIR PEERS IN THE WORKSHOP.

STILL OTHERS ARE ENCOURAGED TO ENHANCE BASIC SKILLS AND/OR JOB SKILLS BASED UPON REMEDIATION NEEDS IDENTIFIED THROUGH INDIVIDUAL ASSESSMENTS. CONTRACTS FOR BASIC SKILL AND JOB SKILL TRAINING ARE NORMALLY EXECUTED WITH LOCAL PUBLIC/PRIVATE EDUCATIONAL INSTITUTIONS. WHEN CONTRACTING FOR JOB SKILL TRAINING, WE INCREASINGLY FAVOR PERFORMANCE BASED CONTRACTS THAT FEATURE INTENSIVE, SHORT-DURATION CLASSROOM TRAINING (CRT) OFFERING A VIABLE JOB PLACEMENT. AS OUR DISLOCATED WORKERS HAVE VERY FINITE LIMITATIONS ON UNEMPLOYMENT INSURANCE (U.I.) AND SUPPLEMENTAL UNEMPLOYMENT BENEFITS (SUB), WE DO NOT ENCOURAGE TRAINING FOR THE SAKE OF TRAINING; WE WANT A JOB AT THE END OF THE TRAINING AND PREFER DOING BUSINESS WITH EDUCATIONAL AGENCIES WHO UNDERSTAND OUR NEEDS AND ARE WILLING TO OFFER US REASONABLE JOB PLACEMENT RATES (USUALLY 70% - 80%).

OUR DISLOCATED WORKER ACTIVITY IS FUNDED AS FOLLOWS:

1. THE UAW-GM NATIONAL NICKLE FUND IS GENERATED BY THE 1982 AND 1984 UAW-GM NATIONAL AGREEMENTS. THE CONTRACT PROVIDES $0.05 FOR EACH STRAIGHT TIME HOUR WORKED, AND $0.50 FOR EACH OVERTIME HOUR WORKED IN EXCESS OF 5% OF STRAIGHT TIME, BY EVERY ACTIVE UAW-GM WORKER. THE FUND IS ADMINISTERED JOINTLY THROUGH OUR OFFICE BY THE UAW-GM EXECUTIVE BOARD - JOINT ACTIVITIES, HEADED BY DON EPHLIN AND GM'S AL WARREN.

2. WHERE AVAILABLE TO US, STATE JOB TRAINING PARTNERSHIP ACT (JTPA) TITLE III FUNDS ARE USED FOR ELIGIBLE WORKERS TO SUPPLEMENT UAW-GM NICKLE FUNDS.

3. IN SOME STATES (MICHIGAN AND NEW YORK, FOR EXAMPLE) WE HAVE OBTAINED ADULT EDUCATION AND VOCATIONAL EDUCATION REIMBURSEMENTS FROM STATE GOVERNMENT FOR PUBLIC SCHOOLS PROVIDING THESE SERVICES TO OUR NON HIGH SCHOOL COMPLETERS. AS I WILL INDICATE IN A FEW MOMENTS, THIS TYPE OF EDUCATIONAL REIMBURSEMENT OFFERS REAL PROMISE FOR INCREASED STATE AND FEDERAL PARTICIPATION IN PROGRAMS SUCH AS OURS.

UAW-GM ACTIVE WORKERS:

WE HAVE 380,000 UAW-GM WORKERS NATIONALLY TODAY; BY YEAR END, 1987, WE EXPECT TO HAVE 350,000 OR FEWER AS A RESULT OF RECENT PLANT CLOSING ANNOUNCEMENTS BY GM. I WANT OUR LEGISLATORS, PARTICULARLY THOSE FROM THIS COMMITTEE, TO KNOW THAT WE HAVE JOINTLY DEVELOPED PRE-LAY OFF INTERVENTION PROGRAMS WHICH WE WILL OFFER THOSE WORKERS WHOSE PLANTS ARE BEING CLOSED, OR WHERE ENTIRE SHIFT OPERATIONS ARE BEING DISCONTINUED. PRE-LAYOFF PROGRAMS WILL PROVIDE ORIENTATION AND GROUP DISCUSSION OPPORTUNITIES FOR ENTIRE PLANT POPULATIONS TO ACQUAINT OUR MEMBERS WITH THEIR CONTRACT RIGHTS, SUBSISTENCE BENEFITS, GUARANTEED INCOME STREAM PROGRAM (GIS) AND JOB OPPORTUNITY BANK SECURITY (J.O.B.S.) BANK APPLICATIONS, AND THE TRAINING AND PLACEMENT PROGRAMS AVAILABLE TO THEM FOLLOWING PLANT CLOSING AND DISLOCATION. IN ADDITION, WORKERS WILL BE REFERRED TO APPROPRIATE UAW-GM AND COMMUNITY SERVICES, PRIOR TO LAY OFF, IF THEY REQUIRE COUNSELING, BASIC SKILL TRAINING, CAREER PLANNING, AND RELATED SERVICES.

OUR UAW-GM ACTIVE WORKER TRAINING PROGRAMS ARE ADMINISTERED LOCALLY, AT EACH PLANT, BY UAW-GM TRAINING TEAMS UNDER THE SUPERVISION OF A LOCAL JOINT SKILL DEVELOPMENT AND TRAINING COMMITTEE (JSDTC) CONSISTING OF THE UNION PRESIDENT AND SHOP COMMITTEE CHAIRMAN, THE PLANT MANAGER AND PERSONNEL DIRECTOR, AND A REPRESENTATIVE OF THE UAW REGIONAL DIRECTOR. THESE LOCAL JOINT COMMITTEES ARE RESPONSIBLE FOR THE DESIGN AND IMPLEMENTATION OF TRAINING PROGRAMS FOR SKILLED AND NON SKILLED HOURLY UAW WORKERS.

FOR YOUR INFORMATION, WE HAVE CREATED A PUBLIC/PRIVATE PARTNERSHIP WITH THE U.S. AND MICHIGAN DEPARTMENTS OF EDUCATION AT THE GM WILLOW RUN HYDRAMATIC PLANT. WORKING TOGETHER, WE HAVE CREATED A NATIONAL MODEL DEMONSTRATION INDUSTRIAL TRAINING PROGRAM, WHICH WE HOPE WILL HELP TO DEMONSTRATE HOW PUBLIC EDUCATION CAN COLLABORATE WITH PRIVATE TRAINING EFFORTS. I CAN PROVIDE YOU MORE INFORMATION ON THIS PROJECT IF YOU WISH TO HAVE SOMEONE CONTACT MY OFFICE.

TYPICALLY, WE PREFER TO BEGIN A MAJOR PLANT TRAINING PROGRAM WITH A NEEDS ASSESSMENT TO IDENTIFY THOSE AREAS OF GREATEST NEED FOR TRAINING. A TASK ANALYSIS AND INDIVIDUAL ASSESSMENT OF WORKER'S BASIC SKILLS AND JOB SKILLS IS CONDUCTED. THIS HELPS US IDENTIFY THE SPECIFIC "GAPS" - AREAS WHERE REMEDIATION AND SKILL TRAINING IS NEEDED. WHERE POSSIBLE, WE PREFER TO CONDUCT OUR PROGRAMS ON SITE USING UAW "PEER TRAINERS".

WHERE ON-SITE, PEER TRAINING IS NOT PRACTICAL, OUR LOCAL JOINT COMMITTEES CONTRACT WITH LOCAL PUBLIC/PRIVATE EDUCATIONAL AGENCIES FOR ON-SITE OR OFF-SITE CLASSROOM TRAINING.

WE HAVE WORKERS WHO REQUIRE BASIC SKILL REMEDIAL TRAINING TO HELP THEM SUCCESSFULLY COMPLETE JOB SKILL TRAINING PROGRAMS; REMEDIAL TRAINING IS OFTEN NEEDED IN DECIMALS AND WORKING WITH NEGATIVE NUMBERS PRIOR TO RECEIVING STATISTICAL PROCESS CONTROL (SPC) TRAINING, FOR EXAMPLE. SPC TRAINING IS IMPORTANT TO PLANTS AND WORKERS SEEKING TO IMPROVE PRODUCT QUALITY.

WE HAVE SKILLED TRADES WORKERS, SUCH AS ELECTRICIANS, WHO HAVE A JOURNEYMAN'S CARD AND HAVE WORKED WITH ELECTRICITY THEIR ENTIRE LIVES; NOW THEY MUST LEARN ELECTRONICS IN ORDER TO INSTALL AND SERVICE COMPUTER CONTROLLED PRODUCTION EQUIPMENT.

THE LIST OF JOB SKILL TRAINING NEEDS VARIES BY PLANT, BY DEPARTMENT, BY OPERATION. CUTTING ACROSS ALL OF THAT IS THE NEED FOR WORKERS AND MANAGEMENT TO LEARN HOW TO WORK TOGETHER BETTER, IN A NEW ORGANIZATIONAL CULTURE - WHICH WE BELIEVE WE ARE HELPING TO CREATE AT THE HUMAN RESOURCE CENTER. AND SO, AS I MENTIONED EARLIER, THE NEED FOR QUALITY OF WORK LIFE (QWL) AND TEAM BUILD TRAINING IS OF INCREASING IMPORTANCE, AND THESE ACTIVITIES ARE STRESSED IN VIRTUALLY ALL UAW-GM ACTIVE WORKER TRAINING PROGRAMS.

WE ALSO OFFER THE TUITION ASSISTANCE PROGRAM TO ACTIVE WORKERS WHO WISH TO UNDERTAKE CREDIT AND NON-CREDIT TRAINING ON THEIR OWN. INCREASINGLY, OUR ACTIVE WORKERS ARE RESPONDING TO THIS PROGRAM. THE TUITION ASSISTANCE PROGRAM OFFERS WORKERS UP TO $1500 IN TUITION PAYMENTS ANNUALLY FOR DEGREE AND JOB-RELATED-ORIENTED PROGRAMS, AND UP TO $1000 ANNUALLY FOR PERSONAL, NON-CREDIT COURSE WORK. TO DATE, WE HAVE PROCESSED ALMOST 100,000 APPLICATIONS FROM ACTIVE WORKERS. OUR TOTAL TUITION PAYMENTS TO DATE FOR BOTH ACTIVE AND INACTIVE WORKERS IS OVER $31 MILLION DOLLARS, AND WE ARE CURRENTLY PROCESSING APPLICATIONS AT A RATE OF $1 MILLION DOLLARS PER MONTH.

OUR ACTIVE WORKER PROGRAMS ARE FUNDED AS FOLLOWS:

1. THE UAW-GM "DIME" FUND, GENERATED BY THE UAW-GM CONTRACTS, PROVIDES $0.10 FOR EACH STRAIGHT TIME HOUR WORKED BY EVERY ACTIVE WORKER. ONE-HALF ($0.05) STAYS WITH THE PLANT AND IS ADMINISTERED LOCALLY BY THE JOINT SKILL DEVELOPMENT AND TRAINING COMMITTEE (JSDTC). THE OTHER ONE-HALF GOES INTO A NATIONAL "RESERVOIR" FUND, ADMINISTERED BY THE EXECUTIVE BOARD - BOARD-JOINT ACTIVITIES. LOCAL JOINT COMMITTEES WHO EXHAUST THEIR "LOCAL NICKLE FUND" CAN REQUEST ADDITIONAL MONEY FROM THE RESERVOIR FUND.

2. WHERE AVAILABLE (NEW YORK & INDIANA FOR EXAMPLE) WE UTILIZE STATE APPROPRIATED FUNDS EARMARKED FOR RETRAINING AND UPGRADING ACTIVE WORKER SKILLS.

3. AS WITH DISLOCATED WORKER POPULATIONS, WE ARE SOMETIMES ABLE TO OBTAIN ADULT EDUCATION AND VOCATIONAL EDUCATION STATE REIMBURSEMENTS FOR NON-HIGH SCHOOL COMPLETERS.

OUR GREATEST COST BY FAR, IN RELATION TO ACTIVE WORKER TRAINING, IS THE PAYMENT OF WAGES AND FRINGES FOR WORKERS IN THE PROGRAM. PARTICIPANT WAGES AND FRINGES EASILY REPRESENT OVER 80% OF OUR TOTAL TRAINING COSTS, AND THAT DOES NOT TAKE INTO ACCOUNT LOST PRODUCTION BY WORKERS IN TRAINING. THE COSTS

ARE ASTRONOMICAL. IT COSTS US AN AVERAGE OF $22.50 PER HOUR IN WAGES AND FRINGES TO RETRAIN A PRODUCTION WORKER - AND EVEN MORE TO RETRAIN A SKILLED TRADES WORKER.

TO PUT IT ANOTHER WAY, IF EVERY UAW-GM WORKER RECEIVED 100 HOURS OF TRAINING ANNUALLY (TWO AND ONE-HALF WEEKS), THE COST OF WAGES AND FRINGES ALONE WOULD APPROACH $800 MILLION DOLLARS A YEAR. OUR JOINT TRAINING FUNDS DO NOT GENERATE 15% OF THAT AMOUNT.

I MENTION THIS IN MY TESTIMONY FOR A SPECIFIC REASON: THERE MAY BE SOME AMONG THOSE RESPONSIBLE FOR THE ADMINISTRATION OF FEDERAL JOB TRAINING PROGRAMS WHO VIEW US AS "RICH" BECAUSE WE HAVE ACCESS TO UAW-GM JOINT TRAINING FUNDS WE HAVE NEGOTIATED AT THE BARGAINING TABLE; THOSE WHO FEEL WE ARE NOT "NEEDY" ENOUGH TO WARRANT FEDERAL ASSISTANCE FOR OUR PROGRAMS. SUCH IS DECIDEDLY NOT THE CASE. WE DO NOT HAVE NEARLY ENOUGH JOINT FUNDS TO MEET OUR MEMBER'S TRAINING NEEDS AND, FOR THE RECORD, OUR MEMBERS AND GM PAY THEIR FAIR SHARE OF TAXES AND WE STRONGLY FEEL THAT OUR JOINT PROGRAMS MUST RECEIVE FAIR AND EQUITABLE ACCESS TO PUBLIC TRAINING RESOURCES.

SO, CLEARLY, WE LOOK TO GOVERNMENT FOR ASSISTANCE WHEREVER WE CAN FIND IT. THE FEDERAL RESPONSE, IN THE FORM OF JOB TRAINING PARTNERSHIP ACT (JTPA) TITLE III FUNDS AND TRADE ADJUSTMENT ASSISTANCE (TAA) FUNDS, WHILE HELPFUL, ARE AIMED AT DISLOCATED WORKERS. LITTLE FEDERAL ATTENTION, AND ONLY OCCASIONAL STATE ATTENTION, HAS BEEN FOCUSED ON THE REAL AND IMMEDIATE RETRAINING NEEDS

OF ACTIVE, INDUSTRIAL WORKERS. YET, EVERYONE AGREES THAT RETRAINING A MORE COMPETITIVE AMERICAN INDUSTRIAL WORKFORCE IS AMONG THE MORE SERIOUS CHALLENGES WE AS A NATION FACE. CERTAINLY, IF WE ARE UNABLE TO FACE IT, WE MUST BE PREPARED TO FACE A FUTURE FULL OF INCREASING TRADE IMBALANCES, AND AN ECONOMY EVER MORE DEPENDENT ON LOW-PAYING, SO CALLED "SERVICE SECTOR" JOBS, AND A SERIOUS DECLINE IN BOTH OUR STANDARD OF LIVING AND OUR ABILITY TO DEFEND OURSELVES ECONOMICALLY OR MILITARILY.

WE FIND THAT FEW PUBLIC POLICY MAKERS DISAGREE WITH THE CONCEPT OF GOVERNMENT SUPPORT FOR ACTIVE WORKER TRAINING PROGRAMS; THE VOLUME OF PROPOSED LEGISLATION WE REVIEW FROM THE CONGRESS AND MANY STATE LEGISLATURES IS TESTIMONY TO YOUR GROWING INTEREST, AND WE APPRECIATE IT.

THE PROBLEM SEEMS TO BE NOT, "SHOULD WE IN GOVERNMENT HELP?", BUT RATHER, "HOW CAN WE HELP?".

WE IN THE UAW ARE AWARE OF THE DEFICITS YOU MUST DEAL WITH IN WASHINGTON, AND WE ARE AWARE OF THE FISCAL CLIMATE IN MOST OF THE INDUSTRIAL STATES. SO I AM NOT HERE TO SUGGEST MASSIVE NEW PROGRAMS, OR MASSIVE NEW SPENDING -- ALTHOUGH IF ONE OF YOU GENTLEMAN WISH TO SPONSOR A GOOD BILL, WE PROMISE TO GIVE IT SERIOUS CONSIDERATION!

NOW, LET ME SUGGEST A FEW WAYS IN WHICH YOU CAN PROVIDE US BETTER ACCESS TO EXISTING FUNDS; WAYS IN WHICH YOU CAN HELP NOT ONLY UAW-GM PROGRAMS AND THE AUTOMOTIVE INDUSTRY, BUT VIRTUALLY ALL WORKERS IN ANY THREATENED INDUSTRY, BY REMOVING A FEW BARRIERS THAT RESTRICT OUR ACCESS.

1. **ADULT AND VOCATIONAL EDUCATION ELIGIBILITY:**

THE CRITERIA FOR ELIGIBILITY AT THE STATE LEVEL, WHERE WE MUST DEAL, OFFERS STATE REIMBURSEMENT TO SCHOOL DISTRICTS, COMMUNITY COLLEGES, AND VOCATIONAL SCHOOLS WHO PROVIDE SERVICES TO "NON-COMPLETERS". USING THIS CRITERIA, THE 20% OF OUR WORKERS WHO DID NOT COMPLETE HIGH SCHOOL QUALIFY; THE 80% WITH HIGH SCHOOL DIPLOMAS DO NOT. IF WE NEED TO REMEDIATE THE 80%, WE MUST PAY FOR IT. YET, AN ADULT INDUSTRIAL WORKER WHO RECEIVED A HIGH SCHOOL DIPLOMA OR GED CERTIFICATE TEN OR FIFTEEN YEARS AGO DOES NOT RETAIN MATH OR READING SKILLS IF THOSE SKILLS HAVE NOT BEEN USED. HOW MANY OF US REMEMBER HOW TO CALCULATE SQUARE ROOT THE LONG-DIVISION WAY WE WERE TAUGHT IN THE 8TH GRADE? WHEN IT COMES TO LEARNING, "USE IT OR LOSE IT" IS VERY TRUE.

SO, LET ME SUGGEST A NEW CRITERIA FOR ELIGIBILITY: "PROFICIENCY". LET THE NEW CRITERIA BE: "IF AN ADULT ENROLLED IN AN INDUSTRIAL TRAINING PROGRAM APPROVED BY THE STATE DEPARTMENT OF EDUCATION IS NOT SUFFICIENTLY PROFICIENT IN BASIC SKILLS TO SUCCESSFULLY COMPLETE A JOB SKILL TRAINING PROGRAM, THE ADULT'S REMEDIAL TRAINING SHALL BE ELIGIBLE FOR STATE REIMBURSEMENT".

THAT MAY NOT BE TECHNICALLY CORRECT LANGUAGE, BUT I AM SURE IT IS UNDERSTANDABLE.

2. ADULT & VOCATIONAL EDUCATION CRITERIA:

REMEDIATION IS OFFERED TO ENHANCE BASIC SKILLS. THOSE SKILLS ARE DEFINED AS READING, WRITING, AND MATH. I DO NOT ARGUE THAT IS A BAD DEFINITION, BUT CLEARLY IT IS AN OLD DEFINITION. TODAY A GROWING NUMBER OF WORKERS ALSO REQUIRE "COMPUTER LITERACY", AND I WOULD ARGUE THAT DEFINITION SHOULD BE ADDED - CERTAINLY FOR THOSE "ADULT WORKERS ENROLLED IN TRAINING PROGRAMS APPROVED BY THE STATE DEPARTMENT OF EDUCATION".

3. ADULT AND VOCATIONAL EDUCATION OPEN ENROLLMENT:

MANY STATES HAVE OPEN ENROLLMENT POLICIES FOR ADULT LEARNERS: MANY DO NOT. SOME REQUIRE A "HEADCOUNT" (I.E., MICHIGAN'S 4TH

FRIDAY COUNT). OUR PROGRAMS DO NOT START IN SEPTEMBER: THEY MAY START IN JANUARY OR AUGUST. I WOULD URGE AN OPEN ENROLLMENT POLICY FOR "ADULT WORKERS ENROLLED ETC.".

4. JTPA TITLE III ELIGIBILITY:

TITLE III FUNDS ARE USEFUL TO ASSIST WORKERS WHO HAVE BECOME DISLOCATED. HOWEVER, IF CONGRESS EVER HAD ANY INTENT TO USE TITLE III FUNDS TO PREVENT DISLOCATION, IT HAS BEEN LONG FORGOTTEN. I WOULD URGE THAT ALLOWABLE USE FOR TITLE III FUNDS BE BROADENED TO INCLUDE TWO MAJOR CATEGORIES OF WORKERS:

- THOSE FACING AN ANNOUNCED PLANT CLOSING OR INDEFINITE LAY OFF SHOULD HAVE ACCESS TO TITLE III FUNDS FOR PRE-LAY OFF INTERVENTION PROGRAMS APPROVED BY EACH STATE'S JOB TRAINING COORDINATING COUNCIL.

- THOSE HIGHER SENIORITY WORKERS WHOSE RETRAINING CAN BE DEMONSTRATED TO HAVE RETAINED THE JOBS OF LOWER SENIORITY WORKERS, PREVENTING THEIR INDEFINITE LAY OFF, SHOULD HAVE ACCESS TO TITLE III TRAINING FUNDS.

5. JOBS BANK WORKERS ELIGIBILITY:

IN AN EFFORT TO INCREASE OUR MEMBER'S JOB SECURITY, THE UAW AND GM, FOLLOWED BY FORD AND CHRYSLER, HAVE NEGOTIATED A NEW CLASSIFICATION OF WORKER: A **JOB OPPORTUNITY BANK SECURITY (J.O.B.S.)** WORKER. J.O.B.S. BANKS ARE CREATED IN RESPONSE TO CERTAIN EVENTS -- OUTSOURCING BY GM, WORKFORCE REDUCTION DUE TO NEW TECHNOLOGY, ETC. WORKERS ENTER THE J.O.B.S. BANK AS AN ALTERNATIVE TO INDEFINITE LAY OFF, SO THEY DO NOT DRAW UNEMPLOYMENT INSURANCE (U.I.) BENEFITS. THEY CAN "BACK FILL" FOR ACTIVE WORKERS IN TRAINING PROGRAMS, OR ENTER TRAINING THEMSELVES. THEY DRAW FULL PAY AND FRINGES, AND PAY TAXES - YET THEY DO NOT HAVE A JOB. THEY ARE NOT ELIGIBLE FOR TITLE III OR TRADE ADJUSTMENT ASSISTANCE (TAA) OR OTHER DISLOCATED WORKER BENEFITS, BECAUSE THEY ARE NOT "LAID OFF". YET, IN TERMS OF TRAINING AND JOB PLACEMENT ASSISTANCE, THEIR NEEDS ARE VERY SIMILAR TO THOSE OF DISLOCATED WORKERS. I URGE THAT, AS YOU LOOK TO THE NEEDS OF DISLOCATED WORKERS, YOU INCLUDE THE J.O.B.S. BANK WORKER IN YOUR CONSIDERATION. WE NEGOTIATED THE CATEGORY TO PROVIDE FOR JOB SECURITY AND IT IS WORKING - ABOUT 20,000 UAW-GM ARE IN J.O.B.S. BANKS TODAY, BUT WE HAVE TO FIND A WAY TO MAKE THEM PRODUCTIVE WORKERS ONCE MORE, AND WE NEED YOUR HELP TO DO IT.

I APPRECIATE THIS OPPORTUNITY TO SHARE OUR UAW-GM JOB TRAINING EXPERIENCE WITH YOU AND YOUR COMMITTEE, MR. CHAIRMAN. WE AT THE UAW-GM FEEL WE HAVE CREATED NEW, AND INNOVATIVE PROGRAMS AND RELATIONSHIPS BETWEEN INDUSTRY AND LABOR. WE ARE LOOKING FOR AFFIRMATIVE AND MUTUALLY BENEFICIAL WAYS TO EXPAND OUR RELATIONSHIPS WITH YOU IN GOVERNMENT, AS WELL.

AGAIN, LET ME EXPRESS UAW VICE PRESIDENT EPHLIN'S REGRETS. I KNOW HOW MUCH HE WANTED TO BE HERE TODAY. I HOPE MY TESTIMONY HAS BEEN OF HELP TO THIS COMMITTEE IN ITS DELIBERATIONS AND, IF YOU HAVE ANY QUESTIONS, I WILL BE HAPPY TO ANSWER THEM.

THANK YOU, MR. CHAIRMAN.

Senator SIMON. We thank you, Mr. Davis.

Jack Sheehan?

Mr. SHEEHAN. Thank you, Mr. Chairman.

In the first part of our statement we try to emphasize the fact that the steel industry has been deeply hit with structural changes and our testimony indicates that just over the last three decades there are almost 400,000 workers that have been laid off in the steel industry, but that rate of decline of jobs in the steel industry has really just precipitated and accelerated in the last six years.

In the past, Mr. Chairman, that kind of unemployment or job loss was either absorbed through attrition or workers that were laid off were able to find jobs in the economy. Our steel workers today are not being able to go into the economy and there is an enormous amount and we just want to emphasize the deep structural changes that are occurring.

As a matter of fact, the Congressional Research Service, in its own report, highlighted the plight of these steel workers when laid off, are never able to again acquire a job that is comparable to the standard of living that they had before they left the steel mills.

We therefore applaud the Department of Labor's Task Force on Economic Adjustment and Worker Dislocation, when it affirmed that there has emerged in the last few years a new type of joblessness. Worker dislocation, which constitutes a markedly different kind of unemployment in many respects; secondly, responses to this type of worker dislocation, of both the government and the private sector, have been spotty and narrowly focused and the United States lacks a comprehensive, coordinated strategy to deal with the problem.

Hopefully, Mr. Chairman, S. 538 will reverse that record. The steelworkers commend the sponsors of the legislation who combined the task force's recommendations as to the type of services that should be delivered, combined with a mandatory obligation to provide for early intervention. The early intervention is a necessary prerequisite for putting in place a program of worker adjustment aids whether it be one of reemployment related or training related.

Now, we noted in our testimony, Mr. Chairman—without reading it, I guess—a transition in training programs over the last number of years from MDTA to the CETA program to Title III, and in a way that has been paralleling I guess the type of unemployment we have been receiving in the country, and certainly the JTPA Title III did flag the emergence of this new kind of dislocated worker, and your bill, Mr. Chairman, I think now moved that in quantum jumps into trying to come to grips with this type of unemployment.

However, we reiterate that no degree of worker adjustment assistance will be successful unless there is an aggressive economic policy which is producing jobs, and producing them, I must say, Mr. Chairman, in the industrial sector.

A recent ILO report on the steel industry is worth making reference to here, and it states:

> While the continued operation of uncompetitive steel enterprises is economically unjustified, it is socially unacceptable to restructure the industry, solely at the expense of the workers concerned . . . In some countries, the effect of the steel crisis

on the unemployment situation in the industry was such that governments, often supported by employers and trade unions, have stepped in with measures aiming at the creation of alternative employment opportunities.

Now, of special note in the legislation that is pending before your committee, we wish to reference the authority that the Secretary of Labor has to use his discretionary authority to release funds for sector-specific adjustment problems.

As has been indicated, workers in the steel industry have experienced horrendous structural dislocations. However, the peculiarities of the steel industry, not only domestically but internationally—we mention the international experience, because we find that there that peculiarity of steel has brought about a steel-specific program—make an industry specific adjustment program especially appropriate and potentially more effective.

Our union has sought through both the public and private sector a joint approach to permanent layoffs in the steel industry. Through the collective bargaining process, we have engaged our companies in a cooperative effort to service the needs of these laid-off workers. Most importantly, we have insisted that any trade relief measures should be accompanied by, and indeed dependent upon, a program to assist workers who will never again return to the steel industry.

I would make a very brief comment here that the Trade and Tariff Act of 1984 requires our industry to commit one percent of net cash flow to steel worker training programs for those that are not returning back to the steel mills. It is conditioned for the continued enforcement and implementation of the VRA program.

Additionally, we also through our steel Tripartite Advisory Committee which was set up by President Reagan in 1983, to reference the role that a tripartite approach to our problem can play in helping address this problem.

Also, the Department of Labor's task force again references that experience has shown that the most effective and successful dislocated worker adjustment program are those where employers and employees and their unions—they are represented by them—are directly involved in the design and delivery. That is a focus we wanted to emphasize today.

Mr. Chairman, I think it would be appropriate for me to ask my colleague, Mr. J.T. Smith, who has been administering these joint programs, to proceed with a few additional remarks which are in our text.

Senator SIMON. Mr. Smith?

Mr. SMITH. Mr. Chairman, first of all, I just want to say on behalf of President Williams that certainly we want to express our profound gratitude for being able to be here this morning and to explore with you and to advise you of certain of the circumstances that are of major concern to us that relate to displaced workers, most of which is contained in the testimony that you have before you and the attachments which we have provided to your staff, that will give the specificity that is necessary that will outline all of those programs that we have in effect around the country, some over 53 now, that involve dislocated workers in the context of the Job Training Partnership Act of 1982.

Since 1980, our union has been witnessing a proliferation of plant shutdowns and that have brought about a result that we have now lost over half a million members out of our union that are either out of the basic steel industry or in allied industries that support basic steel.

The character of these individuals who are affected include the type of personalities that have a strong work ethic. Steelworkers unfortunately have been impacted more directly than those in other industries. Because of the nature of steel-making, we find that the competitive markets throughout the country are now producing steel much cheaper than we are and all of the attendant factors to that, Mr. Chairman, I am sure that you are totally familiar with and I will not belabor the record with any dissertation with respect to that.

We have done in the United Steelworkers some things that we have tried over the past several years to develop a positive approach to help ease the trauma experienced by our unemployed members.

Specifically, I would outline that we have spearheaded a nationwide initiative. The key elements of UAW's approach is contained in the document before you, but I wanted to just highlight one particular aspect of it at this particular point, and that is the contractual commitments that have been made between the collective bargaining entities. We are talking about the major steel producers in America that are under contract with our union.

In 1983, a year that we witnessed the start of the massive layoffs in the steel industry, during the collective bargaining agreements and negotiations leading up to those agreements, we as parties recognized the responsibility to develop as quickly as we could a method that would have a joint effort put forth by both the company and the union to deal with accessing at that point the federal monies under the Job Training Partnership Act to be directed toward those of our members who were former employees of these companies at retraining.

Quickly, what we did was we looked at the matter of a joint approach to the funding sources and the development of a program outlining the basic needs of our members consistent with the latest state of the art type program design that would include all of the things that would start from the assessment of the skills, the matter of job search activity, the counseling needed, the matter of dealing with debt counseling, and whatever specific needs one would need in redirecting their lives and to get into other types of training.

In 1983, the language also—copies of which is a part of the packet provided you—outlines what specifically was the commitment of the parties. Simply stated, the commitment was that we would go to the government funding sources and develop the moneys necessary from those sources to put on programs for dislocated workers. That was the total commitment in 1983.

In 1986, we proceeded to build upon that and to put specific moneys requirements with respect to the companies that we had under contract, moneys that had to be provided we witnessed in the prior years that were not there to deal with it, seed money or money that was required to match the formula moneys that the governors received in the States under the JTPA.

Although we had the companies acquiesce in the last of the three years prior to these negotiations, to the tune of $6 million, we were satisfied that it was going to be necessary to have a lot more dollars than that to proceed to deal with the continued proliferation of layoffs, so in the 1986 agreement we were able to get the companies to agree to put forth funding at the level of $11 million, $11 million that would be administered at $2.6 million over the three-year length of the agreements, with five of the major steel companies.

Obviously, this is not enough, Mr. Chairman, to do a job, the comprehensive job with respect to training needs for dislocated workers, but what it does do is it provides us some basic moneys that are necessary to deal with the formulation and the development of programs on a joint basis, to put a structure in place that hopefully the Government will supplement, that will carry out the mission or the goals that we have set forth, which is likewise outlined in the documentation that you have before you.

The approaches that we have made already have produced some impressive results. Over 21,000 steelworkers have been enrolled in over 50 comprehensive centers providing job search and retraining; 8,000 are still active participants or are to be enrolled in new or extended programs; some 14,500 have completed center services; of these, 8,200 have been placed in jobs; 4,000 workers have completed or are currently completing classroom training or OJT. New programs have been started to serve more than 7,500 steelworkers.

All of these programs, their location, the basic services provided are included in the attachment that we gave you, entitled "Responding to Economic Dislocation."

We have, since 1983, accessed over $33 million of JPTA funding for these fifty-some programs around the country. Recently, we have obtained agreements with the major steel companies, as I have indicated, at the conclusion of the 1986 negotiations to put a further floor under those programs as identified in the document.

I would like to quickly, Mr. Chairman, outline to you what some of the specific goals of these programs are. In the planning and implementation of programs for dislocated workers, we have found that it is very important that everyone involved have a clear sense of overall program goals. In all of our union's programs, we have sought to achieve three primary goals:

1. Assist the dislocated worker in finding appropriate new employment as soon as possible.

All of our programs have emphasized re-employment as a keynote.

2. Facilitate personal and career development. The experience of being dislocated, to say the least, is traumatic. Without intervention, many individuals suffer psychological damage from which they never recover. These people spend the rest of their lives looking backward, they become has-beens, their careers never recover. With the proper intervention, however, we have found individuals can emerge as stronger people on better career tracks.

The third point that we emphasized in program development is respect of the dignity of the individual in transition. Dislocated workers are typically people who have worked very hard to earn a good living and build a good life for themselves and their families. Now, through no fault of their own, they have been unexpectedly deprived of the opportunity to continue on the same career track. Frequently, they are stripped of the benefits accumulated over years of work, damaging their self-esteem and dignity.

No incident could be more significant, Mr. Chairman, than what is happening currently in LTV Steel Corporation, where thousands of our members, some 7,000 in fact, accepted pensions, early pensions, with an additional $400 a month tacked onto the normal pensions because they left employment early to provide jobs for younger employees, only to find that this company, because of the bankruptcy laws of this Nation has deprived them of that $400 additional money which was the incentive for them to leave work early. I say that, Mr. Chairman, to indicate that the trauma with respect to our unemployed members, now the few that are being handed to the companies is the type of few that we think that remedial legislation should take care of, not only under the Trade Act but also a change in the bankruptcy law.

I point out the further obstacles: In working with unemployed members, we have noticed a number of recurring obstacles to the achievement of the primary goals of appropriate reemployment as soon as possible.

The dislocated worker tends to be passive, not taking sufficient action toward appropriate reemployment.

The dislocated worker frequently does not know what kind of new employment to look for. Because he or she typically has an entire career in a single industry, the worker is usually not knowledgeable about opportunities in other industries, especially in smaller companies. Worse yet, the dislocated worker usually sees himself or herself in a very narrowly defined job role.

Overcoming these obstacles requires both education and personal retraining. It also requires clear assessment of skills transferable across company and industry lines. Large numbers of dislocated USWA members do indeed have such transferable skills.

One of the major problems, Mr. Chairman, that is being encountered by many of our members who are dislocated now is literacy. We note that literacy has been focused upon in the new bills that are being drafted by your committee and also those bills being drafted in the House. We think that inasmuch as many of the workers that have left the steel plants have some twenty years or so of service in these companies, many left high school, coming into the plant, and never went back to get any formal education higher than high school. Some left and came into the plant before completing high school. The moneys that they were making at that time, certainly they felt that they had secure jobs and that the finances that they needed to take care of their families was on a secure base and they did not secure any additional education.

They find themselves now in need of a literacy program to develop their educational faculties. The dislocated worker sometimes has difficulty dealing with the major life changes caused by dislocation. Sometimes individuals are overwhelmed by all of these changes and they are unable to mobilize their energies toward reemployment.

The dislocated worker is confronted with prejudice in the marketplace against union members. Now, this might sound somewhat harsh in terms of explanation, but the facts are there. Many union members are finding it difficult, not just our members but members that come out of other industries find it difficult to obtain employment because of their past union association. We say, Mr. Chairman, that it amounts to being criminal, as far as we are concerned, such denial of work.

The dislocated worker may be confronted with uncoordinated programs. The various governmental agencies engaged with delivery of services at both the Federal, State and the local level inhibit coordination. We are particularly pleased by the rapid response team concept which can organize the public sector measures. Our joint union-industry structure is equipped to utilize that asset by both assuring coordination of private sector benefits with the public sector readjustment measures and also by providing a bridge to the worker who may be more receptive to programs sponsored by his company and his union, especially where peer group counselors are used as coordinators. These are their own union members who themselves have been trained to involve themselves in the training process. Additionally, our joint union-company coordinating committees have been able to cut through the bureaucratic levels of decision-making—a frustrating and sometimes defeating process if only the individual worker engages it.

The dislocated worker may be forced into a program unresponsive to his needs has also been a problem area. Notification by companies of mass layoffs so that early intervention planning can commence has been a major problem. In steel, there is a contractual obligation to give 90 days' notice where there is a permanent layoff. But I would submit to you, Mr. Chairman, that this notice can be avoided if the layoff is of an indefinite status.

Typically, in the steel industry, with the 90-day notice provision, we find that over 80 percent of all of the workers that have been laid off since 1981 in the basic steel industry, at the time that the 90-day notice was effectuated, had been in fact laid off for over two years. At that point they had run out of all income maintenance, all motivation, if you will, to enter into training programs because they had no reason to believe at that point that they were not returning to employment.

Nevertheless, the worker himself may be confronted not so much with the fact of the layoff but with the uncertainty as to his recall expectations. We have tried to advice our members to engage the adjustment services as soon as possible, because their expectations of recall in a restructured industry are very limited. I must admit that this is a problem, especially since the work in steel, being displaced from a good job. Nevertheless, our joint approach and the attention given by this bill to a response where there is mass layoff will undoubtedly push the worker into a decision to enter these programs as soon as possible, but I cannot overemphasize the need for early intervention.

The dislocated worker cannot remain in an adequate training program without income maintenance. This, I would submit to you, Mr. Chairman, is the principal matter that must be addressed if those that are identified as dislocated workers, particularly those who ran out of income maintenance under the circumstances that I before mentioned; unless income maintenance is provided, these programs will be for naught as far as their participation is concerned.

A major problem which we confront is the inability of a laid-off worker with exhausted unemployment compensation either in our program or to remain in them. We have placed high emphasis on the TRA income maintenance because for trade impacted workers there is at least the possibility of income support for one year and a half. This allows for the possibility of all displaced workers to be provided with such income.

We believe that the most effective way to reach these goals is to recognize the need for sectoral funding, as before mentioned by my colleague. The discretionary funds of the Secretary of Labor should serve in the furtherance of the industry-wide specific adjustment needs in our union.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Sheehan and additional material supplied follow:]

TESTIMONY

OF

UNITED STEELWORKERS OF AMERICA

before the

Subcommittee on Employment and Productivity

Labor & Human Resources Committee

UNITED STATES SENATE

on

THE ECONOMIC DISLOCATION AND
WORKER ADJUSTMENT ASSISTANCE ACT
S. 528

March 6, 1987
Washington, D.C.

by:

John T. Smith, Assistant to President,
United Steelworkers of America

John J. Sheehan, Assistant to President
United Steelworkers of America

Steel Industry: Restructuring Sector

Employment in the steel industry has been on a steady decline over the last three decades. Between 1950 and 1980, job opportunities have decreased around 2% per year. At the beginning of this period, the industry employed almost 560,000 workers. However, the rate of job losses has sharply accelerated during the last few years. In 1979, 416,000 workers were employed in steel. For 1986, only 169,000 workers had jobs.

Period	Employment Decline	Annual Rate
1950-1960	78,200	-1.6%
1960-1970	41,900	-0.9
1970-1980	112,500	-3.1
1980-1986	162,000	-49.0
Total Decline	394,600	--
Average Rate	--	15%

We record this employment history to emphasize the depth of the structural unemployment confronting those in the steel industry. In the past, the decline in job opportunities was absorbed either by attrition or ready entry in other jobs in an expanding manufacturing sector where wage rates could be somewhat comparable in sustaining the standard of living acquired by steelworkers.

Now, however, the decline in jobs is not only steep, but job opportunities outside the industry are not readily available. A recent Congressional Research Service report, "Employment in the Steel Industry: The Shape of Change," described the plight of of steelworkers:

> "For the laid off workers, it has involved starting anew at a time in their working lives when change often is unwelcome and people are not best equipped to handle it; for the presently-employed steelworkers, it has involved the prospect of learning to adapt to new equipment and practices . . . Since the steelworkers skills are not transferrable to jobs in other industries, new employers will not compensate the former steelworkers for those skills."

We, therefore, applaud the Department of Labor's Task Force on Economic Adjustment and Worker Dislocation when it affirmed that there has emerged in the last few years a type of joblessness, namely:

> "worker dislocation /which/ constitutes a markedly different kind of unemployment in many respects . . . Responses to worker dislocation from both government and the private sector have been spotty and narrowly focused, and the United States lacks a comprehensive coordinated strategy to deal with the problem."

Hopefully, S. 528, The Economic Dislocation and Worker Adjustment Assistance Act, will reverse that record. The Steelworkers commend the sponsors of the legislation who combined the Task Force's recommendations as to the type of worker adjustment measures, particularly the rapid response team concept of an immediate coordinated approach to a mass layoff, with a mandatory obligation to provide for early intervention. The early intervention is a necessary prerequisite for putting in place a program of worker adjustment aids whether it be one of re-employment-related or training-related services.

Over the years, the government role in assisting the unemployed worker has evolved both in terms of the target population and the type of services delivered. The original Manpower Development and Training Act (MDTA) concerned itself with workers unemployed in a surplus job market situation. The emphasis was upon matching a worker, through training, with a job which existed. The CETA stage refined the target group to the hard-core unemployed in a growth economy who lacked employment-culture skills. Title III of the JTPA recognized the appearance of the unemployed worker who had a job-career identification with the labor market in which he had developed specific skills and attained a high standard of living level. The DOL Task Force has reaffirmed not only the existence of this class of worker, but the inadequacy of the current measures to deal with it. Furthermore, the report has expanded the scope of training to include not only job skill development, but labor market services. It is that gambit of services which our union endorses. In other words, the lack of linkage of the worker with a job opportunity may not be due primarily to the lack of an occupational skill.

However, we wish to reiterate that no degree of worker adjustment assistance will be successful unless there is an aggressive economic policy which is producing jobs--in the industrial sector. A recent ILO report on the steel industry observed:

> "While the continued operation of uncompetitive steel enterprises is economically unjustified, it is socially unacceptable to restructure the industry, solely at the expense of the workers concerned . . . In some countries the effect of the steel crisis on the employment situation in the industry was such that governments, often supported by employers and trade unions, have stepped in with measures aiming at the creation of alternative employment opportunities."

Of special note in the legislation, we wish to reference the authority of the Secretary of Labor to exercise a discretionary release of funds for sector-specific adjustment problems.

As has been indicated, workers in the steel industry have experienced horrendous structural dislocations. However, the peculiarities of the steel industry, not only domestically but internationally, make an industry-specific adjustment program especially appropriate and potentially more effective. Our union has sought through both the public and private sector a joint approach to permanent layoffs in the steel industry. Through the collective bargaining process, we have engaged our companies in a cooperative effort to service the needs of these laid off workers. Most importantly, we have insisted that any trade relief measures should be accompanied by--indeed dependent upon--a program to assist workers who will never again return to the steel mills. The Trade and Tariff Act of 1984 explicitly conditions the continuation of the Voluntary Steel Export Restraint Agreements negotiated with most of our trading partners upon a commitment by the steel companies of "not less than one percent of net cash flow to the retraining of workers."

Additionally, that Act requested the Secretary of Labor to "submit to the Congress a proposed plan of action for assisting workers in communities that are adversely affected by imports, which assistance shall include retraining and relocation of former workers in the steel industry who will likely be unable to return to employment in that industry."

The union wants to emphasize that such a discrete or specific approach is of primary importance. The Steel Advisory Committee, a tripartite group established by President Reagan in 1983, affirmed the need for a sectoral strategy:

> "The Department of Labor should create a temporary authority, with tripartite participation, to receive and coordinate comments and suggestions on program delivery problems. We believe that the size and characteristics of the steel industry's problems justify the establishment of an ad hoc committee that will act as an industry oversight group to enhance the administration of a model steel adjustment program . . . The size and nature of the displacement problem is such, however, as to require national funding of retraining and job search activities to serve those whose connections to the industry are severed permanently."

The DOL Task Force report also concludes the efficacy of a joint involvement:

> "Experience has shown that the most effective and successful dislocated worker adjustment programs are those where employers and workers (and their unions if they are present), are directly involved in the design and delivery. Public policies and programs should encourage and facilitate this assumption of responsibility, active participation, and cooperation. However, the private sector has a fundamental responsibility in relieving the problems of displaced workers."

For that reason, Mr. Chairman, we attempted in a joint endeavor with our companies to utilize all funds available. We strongly supported continuation of Trade Adjustment Assistance because of the income availability during training. In 1985, Secretary Brock advanced $10 million of discretionary JTPA funds for steel-specific programs. During this period, our collective bargaining agreements enhanced in a contractual fashion the ability of the union and company to respond to the heavy unemployment. A description of that effort will indicate the readiness we feel exists for a fuller utilization of this approach as an option available under this bill.

Steelworker: Structurally Unemployed

Since 1980, Americans have witnessed an unprecedented phenomenon; namely, that of millions of workers losing their jobs through no fault of their own. The character of these individuals included a strong work ethic. Steelworkers, unfortunately, have been impacted more directly than those in any other industries.

The United Steelworkers of America has tried over the past several years to develop a positive approach to help ease the trauma experienced by these unemployed steelworkers. Specifically, we have spearheaded a nationwide initiative. The key elements of the USWA's approach include:

- o A Union task force on dislocated workers to supervise program development;
- o Uniform principles and policies for dealing with worker dislocation;
- o Contractual commitments by companies and the union to work with state and community organizations. (Copies of these agreements attached);
- o Comprehensive model for reemployment, retraining and emergency service;
- o Efforts for early intervention;
- o Ongoing work with companies, public agencies and funding sources to support dislocated worker projects through USWA staffing, model development, technical assistance, grantsmanship assistance and oversight.
- o USWA advocacy at the federal and state levels to seek maximum financial support;
- o Use of Trade Adjustment Assistance benefits and training resources;
- o Provision of emergency services.

This approach already has produced impressive results:

- 21,000 steelworkers have been enrolled in over 50 comprehensive centers providing job search and retraining;

- 8,000 are still active participants or are to be enrolled in new or extended programs;
- 14,500 have completed center services;
- of these, 8,200 have been placed in jobs;
- 4,000 workers have completed or are currently completing classroom training or OJT;
- new programs have been started to serve more than 7,500 steelworkers.

Over $33 million of JTPA Title III grants have been secured on behalf of dislocated USWA members. This amount has been supplemented by corporate contributions of $6 million. Companies have also contributed substantial in-kind resources consisting of staff time, committee work, equipment and facilities.

Recently, the USWA has obtained agreements with several major steel companies to provide $11 million, to be jointly administered, over a three-year period. This joint approach has been an important contribution to the unemployed steelworkers and to the national public policy experience. A USWA report entitled "Responding to Economic Dislocation" gives a more detailed picture of labor/management efforts in steel and allied industries.

PROGRAM GOALS

In the planning and implementation of programs for dislocated workers, we have found that it is very important that everyone involved have a clear sense of overall program goals. In all of our Union's programs, we have sought to achieve three primary goals:

(1.) Assist the dislocated worker in finding appropriate new employment as soon as possible.

All of our programs have emphasized re-employment. If a program fails to get a majority of its participants re-employed in a reasonable length of time, it cannot be called a good program. Equally important is the word "appropriate." Helping a group of former millwrights to find new employment in fast food restaurants is not a program success because such employment is unlikely to be appropriate in terms of income, skill utilization, job satisfaction or any other measure. Helping them find new positions as elevator mechanics, maintenance managers in smaller manufacturing companies, or even as parts managers in automobile dealerships might very well be appropriate.

(2.) Facilitate personal and career development.

The experience of being dislocated is traumatic. Without intervention, many individuals suffer psychological damage from which they never recover. These people spend the rest of their lives looking backward; they become "has-beens"; their careers never recover. With the proper intervention, however, individuals can emerge as stronger people on better career tracks.

(3.) Respect the dignity of the individual in transition.Dislocated workers are typically people who have worked very hard to earn a good living and build a good life for themselves and their families. Now, through no fault of their own, they have been unexpectedly deprived of the opportunity to continue on the same career track. Frequently they are stripped of the benefits accumulated over years of work, damaging their self-esteem and dignity.

A good dislocated worker program should not continue to attack on the individual's dignity and self-esteem, ,as some state unemployment bureaucracies currently do. It should, rather, accord the individual the respect he or she deserves as a mature adult who has put in years of work in a demanding, difficult and often dangerous job in the manufacturing sector of America.

OBSTACLES

In working with unemployed members, we have noticed a number of occurring obstacles to the achievement of the primary goals of appropriate re-employment as soon as possible.

o The dislocated worker tends to be passive, not taking sufficient action toward appropriate re-employment. This inactivity is due to a misconception of ability; depression; financial and family difficulties; etc. Anger toward the company, the economy, or even the union can also contribute to inactivity. Another contributor to inactivity is the false hope of recall. Unfortunately, this false hope is sometimes nurtured by company announcements and company layoff policies.

o The dislocated worker frequently does not know what kind of new employment to look for. Because he or she typically has an entire career in a single industry, the worker is usually not knowledgeable about opportunities in other industries, especially in smaller companies. Worse yet, the dislocated worker usually sees himself or herself in a very narrowly defined job role.

Overcoming this obstacle requires both education and personal retraining. It also requires clear assessment of skills transferable across company and industry lines. Large numbers of dislocated USWA members do indeed have such transferable skills.

o The dislocated worker usually does not know how to look for work. Dislocated workers leap to the conclusion that their skills are not appropriate to the current job market or that they are under-qualified. Usually this is a false conclusion. Actually, the individual is unable to make a proper presentation to the proper people. Many dislocated workers found their last job in an economic climate entirely different from today's. In boom times, job hunting technique is not an issue. .

o The dislocated worker sometimes has difficulty dealing with the major life changes caused by dislocation.

Sometimes individuals are so overwhelmed by all of these changes that they are unable to mobilize their energies toward re-employment.

o The dislocated worker is not qualified for the job he or she most wants. Dislocated workers often overstate their need for retraining because they are unaware of their transferable skills. However, there are also dislocated workers who have a strong desire to enter a particular field for which they are not currently qualified. In these cases, retraining is indicated, provided that appropriate jobs are known to be available.

o The dislocated worker is confronted with prejudice in the marketplace against Union members. In some local markets, unemployed workers find significant prejudice on the part of non-union employers. Sometimes the employers are unwilling to hire union members because they believe that they will shortly be recalled, and they wish to avoid turnover. Some employers also take the attitude that union members are "fat, lazy, overpaid, and uncooperative." While these prejudices are not based on fact they can provide a significant obstacle to the dislocated workers who are not prepared to deal with them effectively.

o The dislocated worker may be confronted with uncoordinated programs. The various governmental agencies engaged with delivery of services at both the federal, state and local levels inhibit coordination. We are particularly pleased by the rapid response team concept which can organize the public sector measures. Our joint union-industry structure is equipped to utilize that asset by both assuring coordination of private sector benefits with the public sector readjustment measures and also by providing a bridge to the worker who may be more receptive to programs sponsored by his company and his union, especially where peer group counselors are used as coordinators. Additionally, our joint union-company coordinating committees have been able to cut through the bureaucratic levels of decision-making--a frustrating and sometimes defeating process if only the individual worker engages it.

o The dislocated worker may be forced into a program unresponsive to his needs. We are particularly concerned not only about skill training courses which are unrelated to an individual's capability and job market possibilities, but also about the lack of adjustment services. The approach in our centers utilizes both adjustment services and training programs in assessing the worker's individual needs. The new bill enhances this approach which was already recognized by Title III. Because the union-company involvement is engaged in this process, the personalized--or adjustment-type services--are better delivered to and received by workers in familiar and peer group environments.

o The dislocated worker may not receive early notice of his employment status. Certainly the bill requires early notification by companies of mass layoffs so that early intervention planning can commence. In steel, there is a contractual obligation to give 90-days notice where there is a permanent layoff. However, this notice can be voided if the layoff is of an "indefinite status." Nevertheless, the worker himseslf may be confronted not so much with the fact of the layoff, but with the uncertainty as to his recall expectations. We have tried to advise our members to engage the adjustment services as soon as possible because their expectations of recall in a restructuring industry are very limited. However, I must admit that this is a problem, especially since the worker in steel is being displaced from a good job. Nevertheless, our joint approach and the attention given by this bill to a response where there is a mass layoff will undoubtedly push the worker into a decision to enter these programs as soon as possible. But I cannot emphasize the need for early intervention.

o The dislocated worker cannot remain in an adequate training program without income maintenance. A major problem which we confront is the inability of a laid off worker who has exhausted unemployment compensation either to enter our program or remain in them. We have placed high emphasis upon the TRA income maintenance because for trade impacted workers there is at least the possibility of income support for one year and a half. This allows for the possibility of all displaced workers to be provided with such income.

We believe that the most effective way to reach these goals is to recognize the need for sectoral funding. The discretionary funds of the Secretary of Labor should serve in the furtherance of the industry-specific adjustment needs.

[NOTE: Due to printing limitations, and in the interest of economy, Attachments 1 and 2 accompanying Mr. Sheehan's statement were retained in the files of the Committee.]

ATTACHMENT 3

"RESPONDING TO ECONOMIC DISLOCATION"

THE INTERNATIONAL HEADQUARTERS TASK FORCE
FOR
DISLOCATED WORKERS PROGRAM DEVELOPMENT

PHASE II REPORT
TO THE
INTERNATIONAL EXECUTIVE BOARD
AS APPROVED BY INTERNATIONAL PRESIDENT
LYNN R. WILIAMS

FEBRUARY 22-23, 1987

SHERATON BAL HARBOUR
BAL HARBOUR, FLORIDA

John T. Smith, Assistant to the President
Frank G. Mont, Director, Civil Rights Department
Francis Scumaci, Director, Office Technical & Professional
John Powderly, Representative, Legislative Department
William (Bill) Elliott, Assistant Director, Wage Department
Ramon Mundsinger, Assistant Director, Office, Technical & Professional
Jacqueline Mullins, Technician, Wage Department
Judith Boyd, Staff Representative, District 35

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THE STEELWORKER ASSISTANCE PROGRAM

The Second Phase: Program Refinement and Expansion
An Issue Paper

I. INTRODUCTION

Since 1982 the USWA has assisted laid-off steelworkers in the transition to retraining and new jobs. Its response mechanism deals with the whole range of issues and problems confronting the USWA, related to worker displacement. The model has been established. Key accomplishments are:

1. Including Appendix "O" in the Basic Labor Agreement in 1982. This required the affected company and USWA to seek funding for an assistance program for terminated workers.

2. Establishing a Headquarters Task Force to spearhead USWA efforts in this area.

3. Setting up a program model which describes the process and content for centers' design and operations. It now serves steelworkers throughout the country.

4. Negotiating agreements with major steel producers to set aside funds to create assistance programs for laid-off workers as well as those permanently separated.

5. Passing resolutions at the bi-annual conventions supporting the program and its expansion.

II. THE SECOND PHASE: REFINING AND EXPANDING THE USWA ASSISTANCE PROGRAM

Having lain the foundation, our Union must refine and expand the program. The USWA is now reviewing its efforts to make the modification and additions necessary to serve the displaced membership in an efficient, cost-effective manner. The effort will require program as well as policy changes. This report describes what has been done up to this point and discusses options for strengthening and expanding the program.

As a part of this initial review process, our Union is currently completing a survey of unemployment to ascertain where the pockets of unemployment are located throughout the Districts. The USWA is also conducting another survey within the radius of those areas where assistance programs have been operating. These two surveys should provide some comprehensive information about where services are still needed and should assist in making decisions about how program assistance should be organized. These surveys should also provide the basis for a data gathering system, which, if coupled with other information and computerized, could be useful in a number of areas:

o To provide the basis for the extension (or closing) of existing programs;

o To make decisions regarding the viability of creating regional centers from the fusion of separate local ones; and

o To pinpoint needs and particular service requirements.

A. Improving the Quality and Delivery of Program Services

Since 1983, we have provided services to the majority of our unemployed members. These services have ranged from job search workshops and information on assistance sources to comprehensive services provided at a center.

Service providers have also been varied. Many public and private agencies have been involved: private outplacement firms, the employment service, community colleges, joint company-union programs, HRDI and local PICs.

Local unions have increasingly operated programs, sometimes with companies and at other times with staffing and directions by steelworkers. Programs with significant union participation have proven every bit as successful -- sometimes more so -- as programs sponsored by other groups.

The USWA as a whole is gaining more expertise in operating these programs, working in communities to access resources, develop proposals and staff centers. In effect, locals have become grant recipients and program operators.

Whether the USWA should encourage locals or Districts to become grant recipients, or whether that function should be handled at the International level, is a policy decision. But experience does indicate that steelworkers can run strong programs alone or jointly with a plant or company. At the very least, the USWA should explore methods of nurturing and using its internal talents and capabilities.

To further develop these capabilities and to reduce the need for unnecessary outside service providers, the USWA should develop a training/technical assistance package to be available to USWA program operators and peer counselors. It should include the following elements:

1. Written materials and training aids, covering job search workshops, center operations, job development techniques, using community and state resources (including developing Title III proposals), USWA principles and policies, forms and information on reports to the task force.

2. Establish a training team comprised of USWA members with experience in setting up centers. This group would be dispatched to help a local set up a program.

3. Training aids via information sharing. The USWA could schedule twice-yearly workshops which program operators could use to improve their programs and get new ideas.

The task force could also provide information, ideas and suggestions through Steelabor or through separate mailings.

This technical assistance/training system could be set up on a bi-lateral basis and/or with each major steel company. It could encompass USWA programs only or company/union programs. If set-aside funds from each steel company are used, the most practical approach would be to develop a company/union training approach.

USWA has operated sufficient programs to know how to make them work successfully. What remains is to draw upon that experience to improve future programs and provide the technical assistance needed to quickly establish programs.

III. OVERALL PROGRAM ORGANIZATION

As indicated earlier, the USWA worker assistance program now requires a more organized structure. The contractual agreements with five major steelmakers which set aside funds to retrain dislocated workers; the need to equally serve other USWA members from other conferences; the need to make best use of available human and social resources; and the need to integrate the USWA's internal and external expertise and experience into the delivery of services makes tighter program organization a necessity.

Our Union has the internal leadership, provided through the office of the International President, Lynn R. William, who has assigned one of his Assistants who also chairs the task force composed of representatives from USWA headquarters departments. The task force helps the chair develop and recommend policy to the International President, as well as technical assistance and general program oversight. However, the press of other responsibilities limits the amount of technical and programmatic input these individual can provide. As discussed above, a team operating with the approval of the task force could handle some of these time-consuming tasks and provide continuity.

One of the major issues related to the organizational structure will have to do with the major steel companies and how the program is organized with and around them. One of the important issues to be dealt with will be that the set-asides from each company must be spent on their employees. Since this is the case, it might be difficult to structure the kind of training mentioned above for USWA program operators unless other extenal funds are forthcoming. Perhaps a small amount could be allocated from each company set-aside for administration of the entire USWA program. The issue will remain as to how the entire USWA effort can be moved forward and funded, utilizing, in part, the individual company set-aside funds.

The optimum approach for the USWA would stress continuity among entities. This could be done through a governing group of principals' representatives. As the USWA signs agreements with other companies, they would also join the group. The attached organizational chart indicates how the program might work. Basically, it would allow a company/union governing board to handle overall program development. It could also make other development decisions, such as on staff training and technical assistance materials. Funds from external and set-aside sources could finance this. For issues specific to a particular company, a committee representing the company and the union (with advisors) would be formed. A company could have the choice of sending its employees to a regional center, if one exists nearby. They would be charged on a per-capita basis and be included on the governing group for the term of their project. If the company refuses to participate, the District and local would work with the headquarters task force to create a program.

All USWA Staff Representatives must move to convene meetings to discuss the establishment of a dislocated worker assistance contingency program and/or fund. If the same cannot be accomplished now through discussions with the companies in order to have an immediate effect, the matter should be made a part of the contract negotiations at the next expiration of the basic labor agreement with such companies. This approach should be made applicable to all companies regardless of size throughout our jurisdiction in order to meet the needs in a similar fashion of all of the conferences that comprise the membership of our Union.

A. Program Costs, Utilization of Negotiated Company Set-Asides and Accessing External Funding

As suggested above, it would appear to be appropriate for a portion of the set-asides to be used collectively for program development and technical assistance, staff training, etc. Other funds would also be needed, however. The USWA, alone or with the governing group, should apply for or solicit funds from other governmental sources. The solicitation should be linked to a specific program area for maximum effectiveness. Some recommendations:

1. The U.S. Labor Department

Various divisions within the Labor Department could be potential grant/fundng sources. Since there is no "official" grant source within the Labor Department it might be necessary to have some preliminary discussions with certain key individuals there to orient them as to what is being planned and what is needed. Since the USWA is planning a meeting with Labor Department representatives on remaining resources and how those funds are allocated, this might be a good time to discuss other ways the remaining (and future) funds could be utilized. Title IV of JTPA, among other things, provides funds to organizations having to do with provision of technical assistance and dissemination of information.

Labor Department funds could provide financing for certain portions of the program. For example, the department should be interested in our Union's proposed use of USWA members in operations, programs, technical assistance materials and program standardization. The union's efforts and the companies' funds should cetainly indicate the priviate sector is doing its part to underwrite some costs for the USWA's worker assistance program.

2. The U.S. Education Department

At the very least, literacy, basic education and education-related issues and needs should be discussed with Education Department officials. The President's Initiative on Literacy, handled by the same department responsible for the Adult Basic Education program, should be contacted regarding needs and program issues at the local level.

3. Health and Human Services Department

In the past, this agency was interested in the impact of plant closures and worker displacement on families. Perhaps a proposal could be submitted to solicit funds for USWA use to aid families.

In each case, the USWA should determine the department's interests, then propose it support a part of the union/company effort.

B. Utilization of External Service Deliverers, Consulting Groups or Advisors

Our Union has used external service providers alone and with companies. Since the USWA and most of the steel companies lack administrative staffs for assistance programs, outside help and expertise could continue to be useful. Each group's roles and activities should be carefully defined and some guidelines might be useful.

1. Outplacement firms: Steel companies have used a few outplacement firms to operate programs or provide specific assistance such as job search workshops. By their very nature such private firms are often costly; on the other hand, they can establish programs quickly and have experienced people to provide the services -- such as Mainstream Access who has been one of the major service providers in our existing programs.

2. HRDI/AFL-CIO: From another perspective, HRDI has worked with the state AFL-CIOs and the USWA to develop a variety of programs at the local and regional level. These programs have included a number of designs, from operating centers to developing statewide programs. As with outplacement firms, they have played a valuable role in assisting to access funds and operate programs.

As the role of the USWA and its Districts and locals is enlarged, however, to include program development and operations, the role of the HRDI should perhaps be modified, to encompass other activities. Perhaps it could provide technical assistance to train USWA members to operate programs.

As with HRDI, outplacement firms may not be as vital as USWA members and locals become better at running programs and accessing Title III resources. If the USWA uses outplacement firms, the union and/or the governing group may want to take bids to ensure that the most skilled firm is chosen. This competition may also lead to some cost savings.

3. Abt & Associates: This research firm has offered to help the USWA with program research and development and with funding proposals to Federal agencies. Abt has a good track record in the program research field, although it has limited experience in working with the private sector. It is debatable whether it has more clout than the USWA in accessing funds from the Labor Department. Its role should be shaped so that its expertise is used to the best advantage in the USWA effort. Recommendations:

As with any research firm, the USWA must ensure that any data collected through surveys remains within the USWA and cannot be used without the Union's express permission. Also, the union should avoid research or surveys done only to support Abt. Research firms' evaluations often become complicated, yielding little more than would a careful look at the program results.

Notwithstanding these points, Abt could assemble a good, simple survey, usable as a basis for further program/technical assistance development. Abt might especially help develop a computerized system to gather program results. Some of this could perhaps be done without cost to the USWA because Abt has the staff to do it. Any Abt proposals to fund or support USWA programs should have a substantial amount underwritten for USWA staff to assist.

4. External Advisors or Facilitators: As with the groups mentioned above, anybody brought on should have a specific role or function. Some steel companies are interested in bringing their own staff on board as advisors. Company staff could be especially useful in developing technical assistance materials and training. In most cases the company staff will have hands-on experience in program operation.

5. Other independent facilitators could work as assistants to help organize the total effort, refine the programs and keep them on target and moving ahead.

IV. SPECIAL ISSUES

As the USWA has built its programs over the past three or four years, certain issues have surfaced. In the press of other, more urgent matters, these issues have been put aside. With some, solutions have been devised to ease the problems; in other cases the problems have been much greater than initially thought.

1. The long-term unemployed: As indicated above, the two USWA surveys currently underway should give a better understanding of the number of former steelworkers still jobless, which services are needed and where they should be located. Yet this is certainly not the total picture. The long-term unemployed need more concentrated services, which differ in magnitude and scope from those services provided to individuals at the time of lay-off.

Other factors are also at work. In some cases, USWA members are on lay-off status until a company declares a plant closed, thus postponing the urgency of looking for work until well after UI benefits have expired.

The long-term unemployed, jobless for two or more years, have been found to have other problems as well. They do not voluntarily use center services, they need intensive one-on-one assistance, they have rusty or non-existent skills and often need retraining. Since many lack income or benefits, many need assistance to participate in retraining. In most cases, JTPA Title III does not provide stipends.

Several USWA/company programs have successfully served long-term unemployed steelworkers through intensive outreach job training and placement. But appropriate retraining, especially in areas with poor labor markets, is a more difficult issue to deal with. The topic lacks ready answers, but the governing group could make this a priority issue; some guidelines or technical assistance materials could deal with this group's problems. The results of the USWA survey could reveal where the greatest needs are and where the USWA can concentrate its efforts.

2. Program Issues: While many complexities regarding center development and operations have been solved, some still remain. For example, centers are typically funded for one year because that coincides with government funding cycles. If needed, programs are often extended for six months or refunded for another year. Sometimes projects close down, only to be reopened when new layoffs occur. As a program year winds down, many projects could use a careful review, taking into account the target population, those now in retraining that need placement and the likelihood of further layoffs six years after the project program close-out. Such a review could help officials decide how to proceed. Project extension or refunding may not be needed; perhaps services could be provided at reduced levels. A related issue is project close-out. After the decision to close has been made, a careful plan needs to be developed as to how the remaining individuals will be served. A local agency or perhaps another steelworker center in the commute area could assume that role. Whatever the approach, the USWA or governing group should consider this policy issue.

3. Regional Centers: The regional center concept has been discussed as a mechanism to improve service delivery and cost efficiencies. Yet, in fact, few regional centers have been established. Although in theory it would appear to make good sense, there are potential problems and conflicts. For example, if several steel companies were to be involved some agreements would need to be reached among them. While the union would be common to them, locals would be different. Since company set-aside funds would probably be used as match, decisions must be made as to how these funds would be used. Governance and staffing would also be issues to be worked out. The governing group

probably should take the issue under advisement to establish guidelines. Certainly cost savings should be realized if the details could be worked out.

Regional centers and centers serving workers from several plants can have other advantages. They could serve steelworkers from non-steel related companies as well. Two possible barriers: If funds come from steel or copper set-asides, Title III funds (or non-steel company resources) would be needed. The combination of workers from steel and radically different industries could complicate job search workshops. Regional centers also have a second-phase application; that is, they can be set up when several large centers are no longer needed. This could be an alternative to the approach mentioned earlier, of closing a center and farming the work out to local agencies. A regional center could serve various populations -- workers being laid off, workers completing retraining through other programs and the long-term unemployed.

4. Literacy and Basic Education: As the domestic economy shifts and displaces workers from basic manufacturing industries and creates more jobs in the knowledge and service sectors, workers wishing to move into these new jobs will need to know how to read, compute and follow written instructions. Many manufacturing and production workers have either let their literacy skills lapse, or lacked good reading and computing skills in the first place.

This topic involves several issues. Adults with reading problems usually learn to cope. Getting them to admit the problem and act on it is difficult; also, these people are not prime candidates for retraining programs. They often have other problems as well. They are often among the long-term unemployed and learning to read and compute requires a real commitment on their part to learn before they can enter a retraining program.

On the brighter side, the issues may not be as bleak as they seem. In programs involving GED or literacy program, with workers encouraged to participate, attendance has been excellent. Unfortunately, the rush to move workers through the major segments of a center program may mask problems involving a small part of the participants. Since they rarely come forward on their own, such workers' problems remain untreated. Techniques can boost interest and success in this area and service providers should be given the knowledge and techniques to assist illiterates. Clearly, the task force and/or governing group should focus on this area.

5. Job Development and Placement: The job search workshop is a major part of the comprehensive center. Workers -- many having never applied for a job -- learn

self-help techniques to find their own jobs. This is crucial since the primary responsibility rests with the individual seeking work. But, given a poor labor market and the center's own time and budget constraints, the center must mount an aggressive job development and placement program. Many centers get the reputation -- deserved or not -- of wanting mostly to quickly move participants through the program and into a job, any job. That feeling is often reinforced if a Job Service representative is on staff at the center. On the other hand, workers previously in high-paying positions expect to find work at comparable income levels. The answer lies between centers' offers of minimum-wage jobs and workers' expectations of a swift return to high pay.

Centers must offer an aggressive job development and placement effort in addition to retraining and relocations. Admittedly, this is not an easy task, although some centers have succeeded. Center staffs should know the best techniques for doing so. Finally, the task force may want to work up guidelines encouraging centers to neither solicit, publish or refer any jobs below a certain wage level, unless it offers advantages clearly outweighing the low wage. A job at Burger King, for example, is acceptable if it starts at the manager assistant or trainee level.

6. Data Collection and Information Sharing: Our Union has started several information-gathering projects in recent months: the unemployment survey and the needs assessment survey. It has for the first time distributed a directory listing basic information about the fifty or so programs nationwide which have served or are serving steelworkers. Unfortunately, much of the information gathered is already outdated. Programs change quickly, funds are awarded, people get placed, more people are served, more become jobless. At the least, data must be updated monthly to be accurate. Easy access to such reliable information is a key ingredient to running such complicated, multi-faceted ventures. As the USWA continues to upgrade and expand its total effort, the need for up-to-date information will also grow in importance. This point should not be underestimated. Headquarters needs to provide program ideas and results to Districts, locals and a select portion of the public. Moreover, headquarters and its task force face a monumental challenge in keeping tabs on the status of their many projects.

A computerized system at headquarters devoted to the USWA worker assistance program should be set up, with linkages to the Districts and/or the centers. While not a cure-all, such a system would certainly lessen the tedious burdens on staff time of USWA personnel at all levels.

Recommendation: The Data Processing Department of the International Headquarters process and provide follow-up information on the unemployment statistics on a current basis and up-date the same quarterly. For this purpose, it is the further recommendation that a staff person from this Department be made a part of the Task Force. This information will be reinforced as we will request from the companies monthly reports that deal with those companies where we have already established joint programs. The same would be provided to the governing group as set forth in Attachment 1.

7. Rapid Response Mechanisms: Establishing centers to coincide with the initial layoffs in a given plant continues to be an issue. Many complex factors are involved in moving the concept of the center into the operational phase. What happens between notification time and when individuals are laid off is critical to the success of the program. Issues range from when notification is given to the message it gives, to how quickly the company and union can initiate the planning, to how the local and state funding and resources can be assembled.

Again, there are mechanisms which can be used and techniques which can be learned which serve to significantly shorten response time. Techniques can also be applied which make it unnecessary to wait for public funding to start the program.

V. Policy Issues

As this paper indicates, many issues and problems facing the USWA's worker assistance program merely reflect the growth of the program. Mechanisms not yet in place can compensate for that expansion. Fortunately, the USWA program has a sufficient track record to offer guidance in understanding those issues and in knowing which need only program redesign and which demand attention at higher levels.

Certainly, many of the issues and problems described above require better coordination, center staff training and computerization of certain processes now done manually. The formation of the governing group and a cohesive organization, besides internal and external assistance, should definitely help assemble the total program.

Certain issues, however, remain difficult to solve. The USWA needs some continuing assistance here to make real progress. Some are peculiar to the steel industry and some cut across industry boundaries.

For example, assisting the long-term unemployed steelworker to re-enter the labor market is complex.

Certainly the USWA centers can improve their success rate by focusing on this issue but unless these workers have support during retraining, the chance for success is limited. The USWA must continue to advocate for income support from the Federal government.

The USWA might best meet its worker assistance policy goals by pursuing a short, carefully articulated agenda. It boasts a track record and some successes. It also has resource support and cooperation from the major steelmakers. It must focus its agenda and develop proposals specific to this topic. For example, the Labor Department should have a vested interest in helping the steel industry develop its internal technical assistance mechanisms, thus cutting start-up costs and the time and effort needed for staffing and training. While the policy of the Labor Department should be to provide long-term support for union's efforts, the USWA policy should be to develop the expertise and experience from within its own membership.

To the extent possible, the governing board, which would represent both labor and mangement, should develop and pursue a policy agenda which would support the total effort.

VI. PROGRAM ADMINISTRATION: THE USWA'S ROLE

The overall organization and administration of the program has been outlined in Section III. This section deals with the administration of the total program from the USWA perspective. As indicated earlier, the USWA has been able to provide policy guidance, direction and some participation in project development. Task force members, however, are limited in their capability to become more involved in program operations and coordination because their primary staff responsibilities lie in other areas. Consequently, the task force has not been able to provide the support and services necessary for more direct USWA involvement in project development and administration. Therefore, unless the District or Sub-District has been able to provide that support, programs and projects have been developed without the benefit of USWA expertise and experience. Moreover, more cohesive organization of the USWA's role at the District level should guarantee that programs are developed in an organized way with the full participation and kowledge of the District and the local union.

A large number of our members at the District and Sub-District level have gained experience in helping to develop and operate programs at the local level and have developed the capabilities which could expand their role in program administration. If the USWA is to continue to play a role equal to the companies in the administration and operation of programs, it must devote the time and staff to adequately serve our membership.

A. District Administration

One person would be designated at the District from existing staff who would have responsibility for administering the program at the District level. Others would be hired, or designated, from Sub-District staff to carry out District and International task force policy as developed for the worker assistance program as a whole. The overall purpose for this position at the District level would be to coordinate all activities related to worker assistance issues. The three majore areas of responsibility would include:

o Monitor all companies and activities in the District regarding potential closures and force reductions.

o Assist in the analysis and determination of needs for local program development and report such through the District Director to the task force.

o Assist with new program development at the local union level.

o Assist with the development of TRA applications and follow through on the approval process, appeal when necessary, etc.

o Assist with the coordination of TRA funds, when approved, so that they are most effectively utilized at the local level; i.e., coordinate with Title III training funds, assist with the development of useful and efficient training programs for the affected population.

It is the recommendation of the task force based on our experience, that the most appropriate staff person to fulfill this function would be the staff person assigned as the District Educational Coordinator..

B. Local Union Participation

When a decision is made to establish a program at the local union level, in most cases this will necessitate the designation and/or hiring of individuals from the local membership to become involved in the administration and operation of the local program. In this case, it would be the responsibility of the District coordinator to assist in developing the local program but to designate a local person(s) to carry out the program. In this case, it would be the responsibility of the District coordinator to:

o Help to select, hire and train the local person to help plan and operate the program. This individual(s) could act as a program director, co-director, peer counselor, etc. The District coordinator would arrange for the appropriate training of this individual so that he/she could function on the job. As much as possible, this local position(s) would be given to a union member to be laid off or who is currently on layoff.

o Meet with state and local officials to develop and operationalize the program or assist the local representative to do so.

o Direct/oversee the activities of the local union project representative.

o Coordinate the funds from TRA, Title III and other sources to be utilized in an efficient manner at the lcoal level.

C. Regional Centers

The District coordinator would also be involved in the organization and development of regional centers. In many cases, as described in another section, the regional centers would draw participants from a number of companies, not all in the same conference, and from a workforce with varying attachment to the labor force. The regional center could also draw from several Districts.

The role of the District coordinator would be to help to develop the policies and programs for the regional center in his/her area, working, as needed, with other District coordinators.

D. Interface With International Task Force

Through the District Director, the District coordinator would prepare and develop reports to the task force on all projects, their progress and on problems specific to the District. Periodically, he/she would attend informational meetings set up by the task force to be updated on USWA policy initiatives, etc., and to make recommendations for program improvement, refinement of staff training programs, development and modification of new program materials, etc.

It should again be emphasized here that a critical function of the District coordinator would be to monitor District activities closely so that when a closure or force reduction is anticipated, that potential activities can be put in place quickly or at the least planned. In this way, some anticipated closure decisions would have a better opportunity to be averted, or mitigated. Moreover, if locals are prepared, clauses (such as a modified Appendix "O" or retraining resources provided by the company) can be included if the final affects bargaining sessions.

In conclusion, it is the further recommendation of the task force that the following measures be taken:

o The Director of the Department of Education be designated, by the International President, as a member of the task force in order to maximize the effectiveness of the District Educational Coordinator as a part of the program structure and administration.

o As set forth on page 11, paragraph 1, we reiterate the recommendation that the task force be reinforced by the designation by President Williams of the appropriate staff person from Data Processing to make maximum utilization of that Department's expertise.

These requested additions to the task force will also increase the task force in number substantially equal to our corporate headquarters counterparts who will serve on the joint company/union steering committees as set forth in the attachment.

The task force in recognition of the existence of the need to as expeditiously as possible develop a program development thrust for our Canadian members has already started some initial information gathering for such purpose.

It is, likewise, necessary to serve the needs of the members of the Upholsterers Division where arrangements are being made to begin initial discussions with Director John Serembus.

Our effort is to encompass all twenty conferences of our membership with the model already established in basic steel and chemicals.

Respectfully Submitted
For The Task Force,

John T. Smith, Chairman

ORGANIZATIONAL STRUCTURE FOR THE USWA DISLOCATED WORKER ASSISTANCE PROGRAMS

International President
and
Members of the International Executive Board
↓
Chair, USWA Task Force
and
USWA Task Force
↓
District Directors
↓
District Coordinators, Unemployed Worker Assistance Programs
↓
Sub-District Facilitators
↓
Local Union Presidents

OVERALL GOVERNANCE STRUCTURE

USWA Task Force

Governing Group

Major steel companies providing set-aside funds/ ← Joint Company/Union Steering Committees
USWA ad hoc facilitators ← Individual co/union programs
↑ ← – – – Non-Steel Conferences
Sub-committees and/or Working Groups
Companies/USWA
ad hoc facilitators

Listed above are the groups which the USWA Task Force must eventually integrate into a total structure, yet maintain some separateness to maintain the independence of certain companies. For example, the non-steel companies need to be separate from the steel companies in some instances, but that group should be able to utilize the model, training materials, etc., which are to be used with the steel-related groups.

Governing Group, lower left corner, will be the guiding group which will develop overall policy and direction; as much as possible, the individual company/union steering committees which make up the local programs, and the non-steel programs should have some relationship to the established governing group.

ATTACHMENT 1

USWA HEADQUARTERS TASK FORCE FOR DISLOCATED WORKER PROGRAM DEVELOPMENT

PROGRAM GOALS

In planning programs for dislocated workers and in the day-to-day implementation of such programs, it is very important that everyone involved have a clear sense of overall program goals. In all of our Union's programs as identified in the directory accompanying the Task Force report to the International Convention entitled "Responding to Economic Dislocation", we have sought to achieve three primary goals. These goals also underlie the programs outlined on the following pages. In order of importance, they are:

GOAL NO. 1. Assist the dislocated worker in finding appropriate new employment as soon as possible.

All programs and program deliveries must keep in mind the basic goal of re-employment. If a program fails to get a majority of its participants re-employed in a reasonable length of time, it cannot be called a good program, even though it may have an excellent staff, outstanding materials, the best psychological and assessment instruments available, and all the other programmatic "bells and whistles."

Equally important is the word "appropriate". Helping a group of former millwrights to find new employment in fast food restaurants is not a program success, because such employment is unlikely to be appropriate in terms of income, skill utilization, job satisfaction or any other measure. Helping those same millwrights find new positions as elevator mechanics, maintenance managers in smaller manufacturing companies, or even as parts managers in automobile dealerships might very well be appropriate.

GOAL NO. 2. Facilitate personal and career development.

The experience of being dislocated is traumatic. Without intervention, many individuals suffer psychological damage from which they never recover. These people spend the rest of their lives looking backward; they become "has-beens"; their careers never recover.

With the proper intervention, however, individuals can emerge as stronger people on better career tracks. While achieving its primary goal of re-employment, a good program should also teach principles of career development which will benefit participants for the remainder of their careers. The world economy of the late twentieth century is highly volatile and career management for both exempt and non-exempt workers has changed dramatically.

On the personal side, a well designed program examines an individual's strengths, enabling him or her to build a better life and career based on these. It also examines a person's weaknesses and deficiencies, pointing to important life and career learnings contained in these.

GOAL NO. 3. Respect the dignity of the individual in transition.

Dislocated workers are typically people who have worked very hard to earn a good living and build a good life for themselves and their families. Now, through no fault of their own, they have been unexpectedly deprived of the opportunity to continue on the same career track and frequently stripped of the benefits accumulated over years of work. This is typically damaging to an individual's self esteem and dignity.

A good dislocated worker program should not continue to attack on the individual's dignity and self exteem, as some state unemployment bureaucracies currently do. It should rather accord the individual the respect he or she deserves as a mature adult who has put in years of work in a demanding, difficult and often dangerous job in the manufacturing sector of America.

OBSTACLES TO ACHIEVING GOAL NO. 1

In working directly and indirectly with thousands of our unemployed members, we have noticed six commonly occurring obstacles to the achievement of the primary goals of appropriate re-employment as soon as possible as reported to the task force by Union members of Program Administration Committees and/or Peer Counselors. In redesigning and improving our programs over the years, we have looked to find new and better ways to overcome these obstacles. In order of importance they are:

NO. 1. The dislocated worker tends to be passive, not taking sufficient action toward appropriate re-employment.

There are a wide variety of reasons for this inactivity. One reason is a group of common misconceptions or mistaken beliefs, such as "I have no skills", or "There is nothing out there", or "I'm not qualified for anything I'm interested in". Another reason for passivity is emotional depression. Both job loss and unsuccessful job search are, by their nature, depressing. Financial and family difficulties may also contribute to depression. Whatever the cause, depression typically manifests as inactivity. Anger toward the company, the economy, or even the union can also contribute to inactivity. Another contributor to inactivity is the false hope of recall. Unfortunately, this false hope is sometimes nurtured by company announcements and company layoff policies. Whatever the reason for it, inactivity is the primary obstacle to the achievement of rapid re-employment. Several of the following obstacles also contribute to inactivity.

NO. 2. The dislocated worker frequently does not know what kind of new employment to look for.

Because he or she typically has an entire career in a single industry, the worker is usually not knowledgeable about opportunities in other industries, especially in smaller companies. Worse yet, the dislocated worker usually sees himself or herself in a very narrowly defined job role.

Overcoming this obstacle requires both education and personal reframing. It also requires clear assessment of skills transferable across company and industry lines. Large numbers of dislocated USWA members do indeed have such transferable skills. Often these skills were gained in part-time employment during periods of layoff as well as on the job. Typically, however, the worker is unable to articulate these skills in ways which will lead to re-employment in another industry.

Without proper attention, this obstacle is very serious. Simply put, people who do not know what they are looking for do not find it.

NO. 3. The dislocated worker usually does not know how to look for work in the job market of the 1980s.

When faced with numerous consecutive turndowns, many dislocated workers leap to the conclusion that their skills are not appropriate to the current job market or that they are somehow under-qualified. Usually this is a false conclusion. Usually the case is simply that the individual is unable to make a proper presentation to the proper people. Many dislocated workers found their last job in an economic climate entirely different from today's. In boom times, job hunting technique is not an issue: one simply needs to walk into the plant and fill out an application. In these times, however, Department of Labor studies show that the majority of positions for the blue collar workers as well as the white collar workers are not advertised or listed anywhere. Hiring is being done by companies which publicly announce that they are not hiring and by smaller companies which are not well known. Such a job market requires a much more sophisticated approach.

NO. 4. The dislocated worker sometimes has difficulty dealing with the major life changes caused by dislocation.

Dislocation causes numerous other changes in the affected worker's life. These often include serious financial changes, changes of role in the household and changes of status in the community. Sometimes individuals are so overwhelmed by all of these changes that they are unable to mobilize their energies toward re-employment.

NO. 5. The dislocated worker is not qualified for the job he or she most wants.

Dislocated workers often overstate their need for retraining because they are unaware of their transferable skills. However, there are also dislocated workers who have a strong desire to enter a particular field for which they are not currently qualified. In these cases, retraining is indicated, provided that appropriate jobs are known to be available.

NO. 6. Prejudice in the marketplace against Union members.

In some local markets, our unemployed members find significant prejudice on the part of non-union employers. Sometimes the employers are unwilling to hire a Union members because they believe that he or she will shortly be recalled, and they wish to avoid turnover. Some employers also take the attitude that Union members are "fat, lazy, overpaid, and uncooperative". While these prejudices are not based on fact, they can provide a significant obstacle to the dislocated worker who is not prepared to deal with them effectively.

USWA HEADQUARTERS TASK FORCE FOR DISLOCATED WORKER PROGRAM DEVELOPMENT

OVERALL PLANNING

The larger the numbers of dislocated workers involved in a single project, the more important overall planning becomes and the more lead time is necessary. Typically, initial planning falls into the following seven areas:

a. **SURVEY OF DISLOCATED WORKER POPULATION** - This survey should determine the number of people to be served, their location, the length of time unemployed, their educational level, their known skills, and a number of other needs and demographics issues which enable services to be appropriately tailored to needs.

b. **SURVEY OF LOCAL EMPLOYERS** - This survey provides at least rough guidelines on the level of employment demand and the nature of employment demand in the local job market. Linked with the above information, it points the direction for overall service and program planning. This survey is of particular importance in laying the groundwork for effective job development.

Numerous studies have shown that most job creation in recent years is in small companies. Therefore, all of our programs must be linked with nationally known experts capable of conducting surveys specifically designed to locate companies with a recent history of expansion and hiring. This kind of survey is particularly useful to job development.

c. **SURVEY OF LOCAL RESOURCES** - In order to prevent wasteful duplication of services, it is important to survey currently available local resources for the unemployed worker. These may include such things as basic education, training, OJT programs, job development, social services and many others. These must all be located and assessed.

d. **FACILITIES** - The location of the facilities in which services and programs will be provided can be determined based on the information from the three above surveys. Experience has shown that proper location heavily influences who will and will not take advantage of the services. In some cases, the best arrangement is a larger central facility with a number of satellite facilities. Facility floor plans must be determined based on the services to be delivered and the number of people expected.

ATTACHMENT 3

e. **SERVICE DELIVERY** - Based on the above information, it must be determined which services will be offered in which locations, and who will provide which services. Some services may best be provided by retrained union members; some may best be provided by local service providers, either at a dislocated worker facility or elsewhere; and some services are best provided by outside consultants with specialized knowledge in the appropriate fields. A listing of services follows.

f. **COMMUNICATIONS** - Decisions must be made on how, when and where to publicize the services being offered and the success of these services as the program continues.

g. **MANAGEMENT** - All services and programs should be under a single management who is held responsible and accountable for program success. That management must be identified and decisions must be made on tracking, reporting, record keeping and financial accountability.

RECRUITMENT

No matter how good a program is, there is usually effort required to recruit unemployed dislocated workers into it. This is especially true for the long-term unemployed, which is typical of the majority of members because of the failure of the companies to give proper notice which left them believing they would be returning from layoff, who tend to be discouraged.

USWA peer counselors have proven in the past to be highly effective in recruitment activities. Prior to beginning recruitment efforts, decisions must be made on which segments of the population to recruit first. Usually it is a good strategy to recruit groups highly likely to succeed in the initial weeks of a program because early successes help get the entire program running more quickly. Eligible individuals who volunteer for the program without being recruited should always be given priority. Beyond that, after the first few weeks, there are numerous possible strategies for the order in which people are recruited.

ORIENTATION

The dislocated worker's first experience with the career center is typically at an orientation session. Usually conducted by service deliverers in conjunction with peer counselors, the orientation helps dislocated workers see their situation in terms of the industry as a whole and in its larger national and international economic context. The workings of the job market and individual options in confronting it are discussed. In covering re-employment, retraining, and self-employment, the orientation leader details center services to assist the dislocated worker with each option.

In this meeting, part of the leader's job is to attend to emotional issues which may arise. These may be dealt with directly through the use of an optional module or indirectly simply by a sensitive recognition of their existence. Another goal of the orientation meeting is to motivate dislocated workers to act immediately to take advantage of center services. At this stage, anyone having extraordinary difficulties is referred to immediate counseling or other assistance. Those wishing to begin the program are typically given the option of doing so immediately.

CAREER DECISIONS WORKSHOP

Career Decisions is a workshop at most of our centers which focuses on the assessment of the individual, especially in the areas of transferable skills and marketable personality strengths. Included in the modules of this workshop are "Types of People, Kinds of Jobs" based on the Myers-Briggs Type Indicator, "Name Your Strengths", a transferable skills and abilities inventory based on Holland's six work categories, and "Possible Jobs", a summary, brainstorming and analysis module. This assessment process also improves interviewing skills by making participants more aware of their marketable strengths and assisting them in becoming more articulate about these strengths.

This assessment leads to a choice of career directions for many participants by the end of the second session. For participants facing major career change or considering retraining, the Career Decisions Workshop is only the beginning of the assessment process. The next step is typically APTICOM, an automated electronic aptitude test which assesses aptitude levels for nine skill categories used in blue collar, clerical, and selected professional jobs. APTICOM covers both manual and mental sections and results are interpreted in individual counseling sessions available to all participants.

Because workshop participants are treated as equal adults and because the workshop modules focus on participants' strengths and successes, the assessment process also contributed to an increased self esteem and self confidence.

JOB HUNTING COURSE

For participants ready for immediate employment, the Career Decisions Workshop is directly followed by a two-day Job Hunting Course. This course is also recommended for participants planning retraining, prior to their entry in a retraining program.

Our centers must continue to provide a structured job hunting process specifically designed for displaced industrial workers. Included in the workshop are modules covering research of the job market, building personal contacts, writing resumes, locating decision makers, using the telephone, and conducting job interviews. Participants are given materials written at an appropriate reading level. Those with difficulty reading English at any level are given special assistance. Each participant also completes a "Job Hunting Action Plan", detailing the necessary steps to re-employment.

Throughout this classroom work, group interaction is encouraged in order to share information and contacts as well as to provide skill building practice in the kind of self-description necessary to successful job interviewing. The atmosphere is designed to empower and motivate the individual.

INDIVIDUAL COUNSELING

Individual counseling is typically provided in the following four areas:

a. VOCATIONAL GOALS - For individuals in doubt about vocational goals, individual counseling which builds on the material developed in the Career Decisions Workshop is an essential part of the process. The person doing this counseling must be knowledgeable both on transferable skills and how to locate them, and on the requirements of a wide variety of positions in a wide variety of industries in the job market.

b. RETRAINING - Individual counseling is particularly important for people considering retraining, because of the major financial and time investment required for any retraining program.

The task force advocates counseling designed to ensure that (a) the individual becomes involved only in training programs which have a very high probability of appropriate local employment following retraining, and (b) individuals become involved only in retraining programs in which they are likely to succeed. In order to ensure this, additional assessment, specialized counseling, a knowledge of local training programs, and a knowledge of the local job market are all required.

c. **JOB HUNTING/RESUME COUNSELING** - The task force advocates but does not require resumes for people in the job hunting program. For all participants, the major value of resume writing is the personal reframing which happens in the process: participants see themselves in a new light and find more compelling ways to present their strengths in interviews. We, therefore, make it a policy to maximize each participant's involvement in the writing of his or her resume. At the same time, the Center Staff is to provide all needed assistance, not expecting individuals to be expert writers.

Throughout the job search phase of the program, problems of search methodology often arise. For many of these problems the solution is individual counseling.

d. **GENERAL COUNSELING** - When serious personal problems are identified in the course of classroom or counseling work, the participant is referred to an appropriate local agency for ongoing help. Counseling on less serious personal problems impeding job search is typically done on an informal basis as the need arises, without labeling the discussion a "counseling session".

REFERRAL TO RETRAINING

Local retraining institutions which provide training for jobs which currently exist in local job market have been identified in the overall planning phase. The overall planning phase may also identify local job opportunities for which no current local retraining program exists. In this case, our Union may elect to set up appropriate retraining programs or contract with local institutions to set them up.

In either case, at this point in the program individuals who are appropriate for retraining are identified and referred to the proper retraining programs. Those entering retraining programs are encouraged to have a resume in hand before the program is completed. In many cases, this resume can be written prior to program entrance and revised as needed. With proper knowledge of job search techniques, participants can have a new job lined up prior to the completion of a retraining program.

JOB CLUBS

During job search, participants are given membership in Job Clubs. These are groups of about twelve which meet with a trained leader (possibly a USWA members) in weekly meetings lasting two to three hours each. Between job club meetings, the participant is also initiating his or her job search and field testing principles taught in the Job Hunting Course. The club is designed to serve both as a job search "practicum" and peer support group. Using center-supplied telephone may also be part of Job Club meetings.

It is our experience as reported again by Union Program Administration Committees and/or Peer Counselors that staying with people through the entire job search phase makes an important difference in the length of job search and success rate. Follow-up work through Job Clubs or by peer counselors is a very important contributor to overall placement success.

JOB DEVELOPMENT - OJT

Job Development can be a very important supplement to other program elements when properly planned. The survey of local employers mentioned above in Overall Planning is particularly useful when focused on high growth companies. The process can also be made more efficient by recruiting certain skill categories for which there is a known demand, by careful tracking of participants secondary and tertiary skill cares and by close communication between job developers and career counselors.

A job developer who is well versed in OJT programs can sometimes create places for program participants by advising employers on how to set up an OJT program. A job developer can also help to educate the marketplace on the value of USWA employees and counteract any prejudice against this group which may exist.

ENTREPRENEUR PROGRAMS

In any group of dislocated workers, a small percentage are good candidates to become small business owners and operators. Making the decision to become an entrepreneur is particularly important because when entrepreneurship is taken on by the wrong people, the result is loss of both time and money. Part of the assessment process, therefore, is to make sure that people interested in entrepreneurship have a realistic understanding of the difficult and highly demanding nature of this work.

On the other hand, for the small percentage of people for whom this is a truly appropriate option, it is well worth pursuing because it creates a job not only for the entrepreneur, but possible for others as well.

The majority of our joint union/company sponsored programs have a comprehensive Entrepreneur Development Program which includes realistic self-selection for entrepreneurship, comprehensive training in business planning, financing, start-up, and management and an electronic business simulation game which actually gives participants hands-on experience in managing a small business. This simulation game puts primary emphasis on profit and loss management and cash flow management, the two areas which are usually the cause of business failure. The program includes individual assistance in writing a formal or informal business plan.

RESOURCE CENTER

Throughout all phases of program, participants are typically welcome to use a centrally located resource center. This center offers job postings of openings located by job developers, telephone for client job hunting use, a career direction/job search library, automated aptitude testing equipment, video tape equipment for viewing supplementary instructional tapes and taping practice job interviews, and access to professional assistance.

This resource center also serves an an informal meeting place where dislocated workers can share information formally on paper or informally in person. Such a meeting place also permits the peer support process to continue outside of workshops and Job Clubs.

AUXILIARY SERVICES

Depending on the needs of the local population being served, there are a wide range of auxiliary services to which a person may be referred or which may be offered on site. Among the possibilities are retraining programs, basic education programs, financial counseling, stress counseling, unemployment benefits counseling, medical services, family services and many others.

Senator SIMON. And I thank all of you.

Mr. Smith, when you talk about the 90-day notice and people being out of work a long time, are you suggesting that the 90-day notice is not being complied with?

Mr. SMITH. I am not suggesting, Mr. Chairman, that it is not being complied with as contemplated under the collective bargaining agreement. I am suggesting that the underlying reason for the 90-day notice being avoided is the fact that employees are laid off, for instance in 1981, with a citation of indefinite layoff. These same individuals in 1983, when the company announced we are now permanently shutting down the facility, utilized the 90-day provision. The only people at that particular point that were impacted by that notice is the ones that are going to be laid off as a result of that notice, but the ones that were laid off in 1981, they too are being told they no longer have a job.

All I am saying, Mr. Chairman, is that it is obvious that in circumstances many of these companies know long before they give the 90-day notice that when Joe Blow was laid off in 1981, a corporate board room decision had been made that that plant was marginal and in fact would be phased out.

Senator SIMON. Mr. Sheehan?

Mr. SHEEHAN. May I add to that comment. Your bill really in a way does not provide a problem for us with regard to the layoff worker who is eligible for participation in your training program. What we are confronted with in the steel industry is that, although there is an obligation to give a 90-day notice for a permanent layoff, the worker could be put on indefinite layoff and therefore it avoids the responsibility of the company to pay early pensions and retirements, but the indefinitely laid-off worker or the permanent laid-off worker in the steel industry is going to be both eligible for the benefits under this bill.

Our problem is that, as J.T. mentioned here, is that when he is put on "indefinite layoff," there is always the probably unreasonable expectation that he is going to be returned back to the job and he may not want to enter into either our program or these programs that are available under the bill.

Senator SIMON. The one percent training fund, has that been of significant help or has it not meant much?

Mr. SHEEHAN. I think one thing I should say about that is that the ITC will annually indicate to the Congress whether that commitment is being met. Unfortunately, Mr. Chairman, the steel industry has not had a profitable year since that provision has been put in the law. We hope maybe next year we will see the set-aside produce the actual money.

Senator SIMON. It is one percent of net, rather than one percent of gross, is the requirement?

Mr. SHEEHAN. Exactly right.

Senator SIMON. Mr. Davis, you say in your statement that you—and I am quoting—"prefer doing business with educational agencies who understand our needs and are willing to offer reasonable job placement rates." Can you be more specific? Are you talking about the specific, sometimes for-profit companies that train you to become——

Mr. DAVIS. There may be private vendors out there that are placement modes who need certain employees but they cannot find them with the skills that they need for the jobs.

Senator SIMON. And you are finding that more helpful than, say, the community college program or something like that?

Mr. DAVIS. That is true. We find that helpful in this regard, that our bottom line is we want a job placement out of it, not just training for the sake of training, and where we can contact someone that guarantees the job at the end of the training, that is who we would prefer to work with.

Senator SIMON. All right. We thank all three of you for your testimony.

We will put one article from the Chicago Tribune entitled "GM, Union Learn a Lesson on Retraining," in the record.

[The article referred to follows:]

Business

Chicago Tribune Sunday, January 25, 1987

GM, union learn a lesson on retraining

By Stephen Franklin
Chicago Tribune

LANSING, Mich.—At one time, Jim Sickles urged his fellow United Auto Workers to get retraining for new jobs, but no one wanted his applications for union-paid classes.

Then came a rush of people eager for computer training, and Sickles, recording secretary of UAW Local 652 here, had to limit everyone to one application.

The sudden interest hardly thrilled Sickles, however. Amid a marketing war between computer schools, many UAW workers signed up for $1,000 classes, received free computer components such as keyboards and disc drives, then quit the classes.

He would warn workers against such giveaways, but, he says, it didn't seem to make any difference to some. "The members would say, 'Hey, it's not my money. What do I care?' " recalled Sickles with a shrug.

But officials with the UAW-General Motors tuition assistance program, which pumped out $15 million last year, have learned to care very much. Three years after the much-ballyhooed retraining program began, the GM and UAW officials who jointly manage it admit they made mistakes and are trying to correct them.

They are especially concerned about schools that they say drained away massive amounts of money through giveaways and inadequate classes.

"As more people got on board, the program invited disaster," said Doug Ereg, owner of the American Institute of Career Education in Lansing, a small school that has offered computer training to UAW-GM workers.

"From the very start, there were no guidelines. Their regulations were very minimal," said Ereg, whose firm signed up more than 600 autoworkers at the height of fierce competition with other computer schools in Lansing.

Three years after the program began, the UAW and GM officials who jointly manage it claim they are cracking down on questionable courses and that the scams have dropped off.

"We are still getting ripped off, but not as much," said Henderson Slaughter, the UAW's co-director for the tuition assistance program. "We are going to catch the folks dealing in the millions of dollars."

In their defense, officials with the program and at the UAW locals say the situation had all the ingredients for trouble. Here was a new and deep well of money paid up-front to schools. All the schools had to do was make a pitch to blue-collar

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Retraining

Continued from page 1

workers who saw their jobs vanishing and were eager for a quick solution.

Desperate for a future, many workers latched onto computer training as a "panacea," not asking where the classes would take them, officials with the UAW-GM program say.

"Everything you can think of, we got hit with," said Larry Holliday, an official at the UAW-GM program's headquarters in suburban Detroit.

There were flight training schools that didn't have the equipment promised and went bankrupt. Flight training was eventually disapproved by the program, he said.

Some school districts even jumped on the bandwagon, he said, charging UAW members higher prices for courses offered cheaper to the public.

Several schools under question by the program shifted from one state to another, said Don Davis, co-director of the UAW-GM Human Resource Center.

One Lansing-based computer firm that gave away computer components to UAW members for the classes did so well that it expanded to Flint, Mich., and Columbus, Ohio, and eventually received more than $1 million from the program, UAW-GM officials say.

Just as the firm, Computer Automation Training Centers Inc. [CATC], was "bursting at the seams" with UAW applications, according to one of its former executives, UAW-GM officials halted its payments. They said the classes given UAW members were not licensed by the states, and the computer components given workers were marketing tricks, not educational tools.

Without the students, the firm went out of business last year. "They picked up and closed. They didn't tell anyone. I still had workers taking classes," said Mike Jones, education director for UAW Local 969 in Columbus.

Saginaw Valley State College had a similar experience. It offered a computer learning program at UAW Local 668 in Saginaw at the initiation of Thomas Sims, a local computer company owner, according to college and union officials.

After 617 workers had taken the classes offered at the local, UAW-GM officials disapproved the program, saying it was not licensed by the state.

The classes came to an abrupt halt when the Internal Revenue Service seized Sims' equipment at the union hall, recall union officials, who were enthusiastic about the program. IRS officials confirmed that Sims' property was seized for nonpayment of back taxes dating from the late 1970s.

College officials now say that Sims owes them money. "We should have collected the money from the UAW-GM and said, 'Mr. Sims, here is your cut,'" said Joe Vogl, the college's director of Conference and Professional Development Programs. Sims couldn't be reached for comment.

Why didn't the UAW-GM program devise a way to avoid such problems?

Officials with Lutz Associates Inc., the Detroit firm that initially managed the program, declined to comment. But UAW officials concede they weren't vigilant enough at the start.

It was a case, they explain, of setting up a massive new operation in 1984, which would eventually deal with 3,600 schools across the U.S. and process, by last October, 60,000 UAW applications for classes.

Officials at programs jointly operated by the UAW and Ford Motor Co. and Chrysler Corp. say they haven't faced the same difficulties. They quickly point out, however, that their programs are much smaller than GM's.

At the UAW-Ford program, counselors also offer advice on courses and career planning, a practice the Chrysler program has copied. The UAW-GM program does not have special counselors for its workers.

The money for the GM and Ford programs first came from the union's 1982 contracts with the automakers, which set aside 5

Photo for the Tribune by Duane Burleson/AP

Recording secretary Jim Sickles [left] explains forms for tuition assistance to fellow United Auto Worker Ed Chaffee at the UAW Local 652 in Lansing, Mich.

cents an hour for each worker for educational and training programs. Chrysler workers got their own program in 1985, with a set-aside of 15 cents an hour.

Today UAW-GM workers on the job can spend up to $1,500 a year on classes, while laid-off workers can get up to $5,000 annually.

As the bills and complaints began to mount, UAW-GM officials say they began to disapprove schools and stage unannounced visits to facilities.

Some who ran into trouble with the UAW-GM program, such as Dave Persell, say they were not the cause of the problems.

"The numbers scared them, and the response to computer learning scared them," said Persell, who was the president of CATC in Lansing until March, 1986.

His firm boomed, Persell explained, signing up, for example, as many as 1,200 people one day after a meeting in Athens, Ala., because, "We were one of the first to go to the plants and give them [workers] what they wanted."

The workers didn't want intense job preparation classes; they wanted an introduction to computers. They were also given computer parts, costing less than $200, so that they could learn at home, he said.

Officials with the UAW-GM program and Michigan's Department of Education give a different version of CATC's offerings.

Mary Reis, an official with the Michigan Department of Education, said CATC was licensed for computer classes, but not the ones it gave workers.

The CATC classes, according to Larry Holliday of the UAW-GM program, "were not enough to give you entry-level skills."

While Persell says his teaching staff met the state's qualifications, a December, 1985, letter from a state Education Department official to CATC stated:

"Your [personnel] forms reflect a janitor with no experience or degree in the field, a plumber, a waitress, a construction worker, a real estate salesperson, advertiser, minister and dietician who apparently have no qualifications for the areas they are teaching."

Another Lansing firm, Business Resource Center Inc., also ran into problems over the quality of its classes and lost the approval of the UAW-GM program, according to Holliday.

Officials at the Michigan Department of Education and the UAW-GM program say they were contacted by disgruntled workers from the firm who complained about their classes.

State officials are also investigating a letter allegedly sent by the firm to Lansing ministers, urging them to have members of their congregations sign up for classes.

"For all of your members who enroll in our workshops, we will donate to the educational community outreach efforts of your congregation," says a letter allegedly from the firm in the state's files.

A vice president of the firm had agreed to talk about the company with The Tribune but could not be reached again.

A worker on the line at the Oldsmobile plant here, Richard Oberlin, 48, signed up for what he thought was a management class with the Business Resource Center.

He learned about the school after they called him at home, claiming to have received his name from the union. Officials with Local 652 say they have not given workers names to any schools.

After 16 years on the line, Oberlin wanted a class that would help him understand his bosses.

Instead, he says, he got some self-promotion lectures and advice on running a small business. "I felt like I was getting jive talk, double talk," Oberlin said.

Still, he hasn't soured on schooling. "I've got to support a family," he said, "and I've got to know where to go and how I'm going in the future."

Senator SIMON. Mr. Sheehan?

Mr. SHEEHAN. Mr. Chairman, accompanying our testimony were some other papers that might be appropriate to put in the record.

Senator SIMON. We will enter those in the record also.

Mr. SHEEHAN. Thank you.

Mr. DAVIS. Thank you.

Senator SIMON. We thank you.

First, I want to thank our final two witnesses for their patience. You have been patient above and beyond the call of duty, and we are grateful.

Mr. Anthony Carnevale is Vice President of the American Society for Training and Development, and Mr. Pat Choate, with TRW, both of whom are veterans of testimony up here on Capitol Hill.

Mr. Carnevale.

STATEMENT OF ANTHONY CARNEVALE, VICE PRESIDENT, AMERICAN SOCIETY FOR TRAINING AND DEVELOPMENT, ALEXANDRIA, VA, AND PAT CHOATE, TRW, INC., ARLINGTON, VA.

Mr. CARNEVALE. Realizing that Pat and I are what stand between everybody and lunch, I will summarize my testimony and leave some time for questions.

Let me begin my remarks, Mr. Chairman, by adding my voice to the growing chorus of those who find your own proposals for job creation both sensible and refreshing. A job is the price of admission in this individualistic culture and participatory polity. Those who are unable to find work eventually disappear from the American community, drop out of the American political system and fall into the underground economy.

I think these processes are similar and at work for both poor Americans and dislocated employees. There is no fit measure, really, I think, to discern between the suffering of the poor and the dislocated. The poor person usually starts out and ends up at the bottom of the economic heap; the dislocated employees experience substantial income loss that usually does not result in persistent poverty, but I think results in a similar kind and quality of suffering. For the dislocated employee, it is not so much where they land that hurts; it is how far they have to fall.

I think dislocation is here to stay. It seems apparent that the processes of fair trade and technological change seem to benefit all of us and inevitably hurt some of us.

If one looks nationwide, for instance, at the economic data, it is fairly apparent that technology and trade are net job creators. The trouble is that the jobs that technology and trade create almost never go to the same people, industries and areas that lose jobs to technology and trade, and we end up with a mix-and-match problem in our overall economic growth.

I think the punch line on all this is that we absolutely have to have some policies for handling dislocation, ameliorating its effects, recognizing that we cannot absolutely make a dislocated employee whole in every case.

If we do not, I think we risk powerful institutional and political barriers to economic change that generally benefit the nation.

I would propose four rules-of-thumb in developing those policies for dislocation.

First, I think we have to have a higher hitch in the safety net for dislocated employees. I think they need to be treated differently. We need, I think, to help dislocated employees avoid a free fall from middle-class status to official poverty or low-income standards that are the usual mark of eligibility for Federal programs. I think at a minimum, we need not to force dislocated employees to sell off their homes or other capital that they have accumulated in their working lives as a matter of becoming eligible for Federal programs.

A second rule-of-thumb—get to the dislocated employee before he or she leaves the workplace. I think we have heard that over and over again today from the representatives of those employees. That is, firms, employers in general should be given some sort of a subsidy or incentive to give prior notification. I think mandatory notification, as Mr. Lovell said earlier, will not work, but some kind of incentive structure that encourages employers to, by subsidizing out-placement services and job search assistance services that they might provide to employees whom they do give prior notification, I think would work out fairly well.

Rule-of-thumb number three—the best thing you can do for somebody who is out of work is find them a job. I think we have heard that over and over again today. The most cruel and cynical thing that one can do to someone who is dislocated is to more or less make them eat public services in the hope of jobs that are not there. Once a person is out of the workplace and on the street, public services need to focus on job development, finding them a job, and job search assistance, teaching them to find a job themselves.

I think in this regard one thing that is not actively considered these days that might help is some form of training or employment subsidies. You could either give an employment subsidy or a training subsidy to the dislocated employee himself or herself that they could cash in with an employer, thereby encouraging hiring; or, if you want to avoid the administrative mechanisms involved, you could simply give a tax credit or some kind of a subsidy to employers who hire and train dislocated employees.

In the final analysis, I think, the bottom line is the one that you have arrived at in other discussions, and that is that, where there are not jobs, no amount of job search assistance or job development or subsidy to employers to hire and train will make any difference at all. Where there are no jobs, jobs will have to be created, or we will have to deal with the fact that we are relegating dislocated employees from individual autonomy to welfare dependency, from productive contribution to the American economy to economic dead-weight. I think that is the harsh reality of this game.

Finally, the last rule-of-thumb, the fourth one that I would propose in structuring these policies, is the notion that training ought not to occur outside the context of a job. We need to keep in mind that training does not create jobs; jobs create the need for training. And the kind of training that really matters in the lives of working people is the learning they do on-the-job. All of us, after all, move through our careers learning what we can on this job in order to get the next job. And training subsidies, Federal training subsidies, ought to be targeted as much as possible on-the-job or, to the extent one trains outside the context of a job, one ought to do so with a very real job in mind.

I think it is fairly clear as one looks at the American economic system that the training that really counts is the training that occurs in the context of work. That is true for the one in ten Americans who are unemployed, dislocated or so discouraged they are no longer looking for work. It is even more true, I think, for the nine in ten Americans who are working and will make career transitions through learning on-the-job throughout most of their adult lives.

I think the $210 billion on-the-job learning system that is embedded in the American economy—it is the job training system that really matters. It is our first line of defense against economic change, and economic change impacts first on the workplace, incrementally, and it is there in the context of the working team that people need a learning system to respond to change. It is the ability of Americans individually to learn on-the-job, I think, that largely determines their success in adapting throughout their careers.

Let me add quickly that I think we need to be very proud of our public successes in building a fine public education and public job training system, but I think as a public structure we can be less proud of what we have done with respect to learning on-the-job. I think it is fairly apparent that the current set of public policy, if it does anything, it discourages the quantity and quality of learning on-the-job in the United States. We have built a tax system that gives considerable advantage to machine over human investments in the employer community. I think the net effect of that imbalance in the current American investment structure is a very subtle but powerful engine for dislocation.

I think also that the net effect of that imbalance in our tax and investment structure is to give us more and more machinery and fewer and fewer people who know how to use those machines.

I realize full well that in the short term, there is probably not much resource around for any major initiatives in workplace training, either in the form of tax incentives or direct subsidies. The needs of the disadvantaged, the dislocated employees, our underfunded education and public job training systems, and the current revenue shortfall, I think, have prior rights to public resources at the moment.

I think it is unfortunate, however, that we are not going to be able over the next at least four to five years, it seems to me, to talk realistically about building a more level playing field between employer investments in people and machinery.

The one way we could do it would be to, as Bill Wiggenhorn proposed this morning, to cash out some of the current capital investments. I think politically that would be very difficult to do.

In any event, in the meantime, I hope that this Committee will consider workplace learning issues as it focuses on productivity and employment issues over the next several years.

Ourselves, that is, the American Society for Training and Development, and the U.S. Department of Labor, have begun what is probably the first and only research project in this area. We will be assessing the role of employer systems in the American training structure over the next few years, and we will report to this Committee as we proceed.

Thank you.

Senator SIMON. Thank you.

[The prepared statement of Mr. Carnevale and supplemental material supplied follow:]

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Statement of

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before the

Subcommittee on Employment and Productivity
of the
Committee on Labor and Human Resources
U.S. Senate

March 6, 1987
Washington, D.C.

First, Mr. Chairman let me express my gratitude to you and members of your Committee for allowing us to testify here today. We are the American Society for Training and Development. Our membership includes roughly 50,000 employer-based training and development professionals, mostly from the nation's Fortune 1000 companies. It is our membership that is largely responsible for the retraining of the nation's employed workforce in response to economic and technological change.

Our members manage an employer learning system that includes as much as $180 billion in informal on-the-job training and an additional $30 billion in formalized learning paid for by employers. By way of comparison, this $210 billion learning system is roughly the same size as the nation's public elementary, secondary and higher education institutions.

It is our view that this learning system is the nation's first line of defense against economic and technological change. The ability of American employees to adapt to new technologies and other forms of economic change is largely dependent on their ability to learn on the job. Economic and technological change occurs incrementally and impacts first on the nation's employers and employees on the job. As a result, our ability to respond to competitive challenges is largely dependent on the quantity and quality of formal and informal learning in the workplace. More effective and timely workplace learning systems would not only allow us to better keep pace with changing technologies and economic circumstances, but would also encourage more self-conscious career development from employees, as well as minimize dislocation.

In spite of their importance, workplace learning structures are a dark corner in the nation's human resource development system. We know little about formal and informal learning on the job. Consequently, the structures are not fully utilized as tools for expediting strategic change in employer institutions or for minimizing employee dislocations.

Until now, public policy considerations have, as a matter of good social policy, focused on the disadvantaged and, more recently, the dislocated job seeker. The recent national interest in competitiveness, however, has brought an additional dimension to the national human resources debate. We are now interested in the employed as well as the unemployed population. It is the ability of the nation's employed workforce, after all, that will determine our response to the competitive challenge.

I think we can all agree that a competitiveness strategy cannot succeed without a strong human resources component.

The legislative response to the competitiveness challenge thus far has been to propose the formulation of policies to improve educational preparation for work and to assist employees dislocated by economic change. These policy proposals are welcomed by the employer community and their value cannot be overstated. The relationship between education and the productivity of American economic institutions and the earnings of individual employees is powerful, especially over the long term.

In the short term, however, skill changes that are driven by technological and economic change impact first on the workplace. It is in the workplace that learning systems need to be responsive. Eventually, of course, incremental skill changes accumulate until they impact on the educational preparation for work. Sometimes the introduction of new technology requires an increase in the overall level of basic skills among the entry-level working population. Other times, specific skill changes in individual occupations can alter the necessary occupational preparation for work or create whole new occupations as in the case of manufacturing engineering over the past fifteen to twenty years.

Ultimately, the education and pre-employment education and training system needs to be responsive to economic and technological changes over the longer term while the employment-based learning system needs to respond in the very short term if the competitive advantage of individual companies and whole economies is to be maintained.

Federal, state and local governments are making significant progress in reforming and reinvigorating the nation's education system. At the same time, however, there is little practical attention being paid to the quantity and quality of learning in the workplace. We have built substantial infrastructure for human resource development outside the workplace but we have done nothing to encourage the quantity or the quality of retraining on the job.

Indeed our tax system has created an investment structure that heavily favors machine investment in the workplace and discourages investments in employees. In the end, the current investment structure encourages an over-reliance on technology in employers' strategic planning as well as underinvestment and eventual dislocation of human resources. Strategies for improving the responsiveness of workplace learning to economic and technological change are the missing link between the nation's human resource development system and the maintenance of competitive advantage.

Impediments to effective strategy for improving learning in the workplace are both political and economic. The national human resources lobby is made of public education and public job training institutions. As a result, when human resource issues arise there is a natural temptation to use public infrastructure to resolve them. The effectiveness of public education and training institutions is critical to the health of the nation's culture, polity and economy. In an individualistic culture and a participatory polity, one cannot overstate the importance of education in public job training institutions in providing the nation with autonomous and free-thinking individuals, capable of making many of the difficult political and economic decisions that face each of us as citizens. Moreover, in a purely economic sense, the nation's public education and job training institutions need to provide the citizenry with basic behavioral and intellectual skills to get and keep a job.

In addition, the nation's post-secondary vocational training system and universities are essential sources of a ready supply of skilled labor in specific occupations and professions. These institutions are important now and they will become more important later as the declining 16 to 24-year-old cohort increases labor scarcity throughout the economy. The decline in the number of young people will result in a situation where both the quantity and quality of entry-level labor is likely to decline. There will not only be fewer entry-level job seekers to choose from, but the entry-level labor pool will be increasingly comprised of groups in whom previous human capital investments have been insufficient.

Public institutions, especially public job training institutions are especially useful as intermediaries between job seekers and employers. Public job training institutions have been successful at developing jobs and finding jobs especially for disadvantaged clientele. At the same time, however, public education and job training institutions find it difficult to respond to emerging skill requirements that result from technological and economic change because they are located outside the economic system. That is the most sensitive and immediate barometer of those changes. Training outside the context of work is unresponsive to learning needs that emerge incrementally in the workplace. Moreover, training outside the context of work is less effective because it cannot duplicate the peculiarities of individual employer needs, the learning context of the working team, and the timeliness of learning systems that are embedded in the workplace close to the point of production.

A second impediment to the development of a training system embedded in the workplace is the structure of the human resource policymaking system. There are two policy structures in American government: one that deals with employers and a second that achieves public purposes through the utilization of appropriated public bureaucracy. The human resources policy system is heavily weighted towards the public side of the policy structure. The Labor and Human Resource Committee in the Senate and the Education and Labor Committee in the House largely operate through publicly appropriated delivery systems. The Departments of Education and Labor are also responsive to public institutions outside the workplace. Moreover, these institutions tend to garner strong support from organized labor and an assortment of public institutions and demographic interest groups that derive upward mobility and a substantial share of their employment and income from the public sector.

Economic policy systems include Ways and Means and the Finance Committees in the Congress as well as the Treasury Department, the Council of Economic Advisers and some other departments such as the Departments of Defense and Transportation in the Administration. These institutions tend to be responsive to business concerns and to deliver services through market-based tax incentives.

Historically, these two policy systems have focused on complimentary but different sets of issues. The human resource development policy system, especially in the federal government has tended to focus on those who did not share in the largess of the American economy. The economic policy system has tended to focus on economic institutions in the mainstream. Traditionally, the economic policy system has taken little interest in human resource issues as a lever for competitiveness and economic growth. This means that for business, our current difficulty is that questions surrounding the use of human resources as a lever for productivity and competitive advantage suggest a need for the inclusion of human resource issues in the economic policy structure.

Initial attempts on the part of the Finance and Ways and Means Committees to include human resource development tax policies have emerged in the context of the trade debate. The attempt to connect policies for dislocated workers to trade legislation is likely to continue outside the jurisdiction of the human resources policy structure. The effect, unfortunately, is to encourage a haphazard and uninformed debate outside this Committee and the Education and Labor Committee where jurisdiction and expertise is more appropriately placed. At some point in time, if we are to seriously consider human resource policies connected to the workplace, we will need more cooperation between the two policy systems and the two sets of congressional committees.

The most serious impediment to crafting an expanded human resource policy in the context of the jobs and competitiveness debate, of course, is the oversized federal deficit. Until some progress is made in the deficit, it is unlikely that we will be able to expand policy in any arena. If we were to follow Gramm-Rudman targets, reducing the deficit by roughly $75 billion this year and by roughly $130 billion in the two successive years, we would have the deficit down to roughly $75 billion. I would not recommend deficit reduction beyond the $75 billion mark because reduction beyond that point would act as a drag on economic growth. If we could reach the Gramm-Rudman target over the next three years with an accompanying fifteen percent decline per annum in the value of the dollar and three and one-half percent growth in the remainder of the world economy, it is not unreasonable to suppose that the current trade deficit would melt away. At that point in time, it is likely a surplus toward savings would emerge in the American economy and private economic institutions would not be able to generate sufficient investment to utilize the full savings available. At that point it would be up to the government to find ways to channel the savings surplus toward a set of investment priorities. Hence, it is conceivable that by 1990, sufficient funds will be available to consider expansion of a human resource investment agenda directed through public institutions and tax incentives in the private economy.

The most direct approach toward improving the learning system in the workplace would be to enact some form of tax incentive to encourage more employer-based training.

Such an incentive would encourage more responsive adaption to economic and technological change. An incentive for workplace training would also discourage dislocation, by putting human resource investment on a more equal playing field with machine investment. A training tax credit would encourage employers to respond to competitive challenges through human resource, as well as machine investment. Employers who utilize their human resources as a competitive resource would be less likely to allow technological investment alone to drive their competitive strategies.

A competitive strategy that relies on technology alone tends to encourage dislocation. And because technology and trained labor are compliments, an investment strategy that emphasizes technology and de-emphasizes training tends to result in more machines and fewer people who know how to use them. Moreover, as training investments became more apparent to employers, employers would be loathe to lose training investments by firing employees during downturns or as a result of economic and technological change.

Many criticize the notion of a tax credit for employer-based training because they believe it would simply substitute for informal on-the-job training that already occurs. In my view, the formalization of informal OJT would be a good thing. Much of informal on-the-job training is ineffective, inefficient and unfairly distributed because of its informality.

Moreover, a tax credit for employer-based training would have important institutional effects. Currently, the human resource function is a relatively weak political institution inside the workplace. A tax credit would empower the human resource professional in the nation's employer institutions. In addition, the external authority of a tax credit would increase the visibility and strategic role of training in employer institutions.

Finally, a tax credit would provide a rallying point for the human resource development community. The current structure of employer-based training is highly decentralized and fractionalized in the separate employer institutions throughout the nation. There is no regulation, legislation or institution that focuses on the state-of-the-art in employer-based training. An employer tax credit for training would encourage the nation's employers and human resource professionals in the workplace to come together in order to enter into a dialog with the government over the tax accounting and programmatic issues associated with the tax credit.

The tax credit would act as a focal point which would encourage the evaluation of programmatic effectiveness and professional development that would encourage the state-of-the-training-art to improve over time. Moreover, once infrastructure and some institutional cohesion became a reality in the employer-based training world, it would be a lot easier to talk about partnerships between employment training professions and public education and training institutions and their counterpart institutions in the workplace. Over the past twenty years, educators and public job trainers have attempted to make the connection to workplace training institutions with relatively little success largely because their counterpart training and development professions in the workplace are not sufficiently organized or empowered to make successful partnerships possible.

In sum, a better understanding of training and development in the workplace would help education and training providers outside the workplace to develop practices that compliment learning on the job. A better understanding of employer-based training would create stronger linkages between learning on and off the job and encourage a more cohesive life-long sequence for job-related learning.

Several tax subsidies for employer-based training have been introduced over the past five years. The major impediment to their passage, of course, is the current revenue shortfall. While passage of such a subsidy is premature, now is certainly the time to begin the discussion. We hope that this Committee will take an interest in these workplace issues and participate with ASTD and other institutions as the national conversation on workplace human resource development continues. In the meantime, ASTD in conjunction with the U.S. Department of Labor has initiated a major research project to improve the overall quality of workplace training by focusing on best practices among American employers. We will report to you on our progress.

Now, let me turn to a discussion of policies for improving the prospects of the nation's dislocated workers. It is my general bias that the best thing that one can do for someone who is out of work is to find them a job. Training will not create jobs. Indeed, it is the job that creates the specific training needs. Training outside the context of a job is minimally useful. While this seems a simple bit of street wisdom, it is a piece of logic that was lost on most of us in the 1970s. During that period when there weren't enough jobs to go around, our response tended to be to "let the unemployed eat training." Not suprisingly, we discovered during those early years in the CETA program that the training that worked best was the training that was done on the job.

As a result CETA became the Job Training Partnership Act. Under JTPA, OJT has been emphasized as a priority treatment and the governance of the JTPA program has been connected more strongly to employer institutions. JTPA is now more job development and job finding than a training institution and that's as it should be.

We need to apply the lessons we learned under CETA and JTPA to the new problems of the dislocated employee. First, as a general rule it seems apparent that services for dislocated workers should be provided in the context of work. Where possible, employers should be encouraged to provide counseling, outplacement and job search assistance while employees are still on the job. Employers should be rewarded with federal assistance when they supply early notification and willingness to provide outplacement, counseling and job search assistance services on the job.

Inevitably, some employers will not supply prior notification or want to provide outplacement services. Many employees will ultimately have to leave the psychological shelter of the workplace. Once employees are dislocated, all the federal resources and energies of local program providers should be directed towards f
dislocated employees into another job.
subsidies in the form of training or si
are the most effective and, by far, the
encourage hiring.

Federal experience with hiring incentives have been mixed. In general, hiring incentives targeted on the disadvantaged such as Targeted Jobs Tax Credit have not worked well, while our experience with untargeted hiring subsidies such as the New Jobs Tax Credit has been much more positive. One would suppose that since dislocated workers are not generally disadvantaged, that hiring subsidies focused on dislocated employees might work reasonably well.

The WIN tax credit targeted since 1971 on the hiring of welfare mothers was a dramatic failure. The largest amount of credits claimed in any single year has been 50,000. Over a two-year period, when 500,000 WIN recipients entered the labor market, only 88,000 credits were claimed. The Targeted Jobs Tax Credit hasn't fared much better. It was used almost exclusively for low-wage, low-skilled jobs. Half of the credits were initially used by students working part-time and 25 percent of the recipients were registered after they were already on the job. Moreover, the truly disadvantaged who are recipients of such a largess, tend to be "labeled." Their place at the end of the hiring cue and their status as "undesirable employees" is the message that gets sent when job seekers arrive with subsidies targeted on the "disadvantaged" in hand.

Our experience with untargeted hiring subsidies, however, has been much more positive. The New Jobs Tax Credit, enacted in 1977, generally was not known among employers and lasted only a single year. Yet, our experience with the NJTC was remarkably positive. The tax credit amounted to 50 percent of the increase on each employers' wage cost above a 102 percent of the previous year's wage bill. The Department of the Treasury reports that firms claimed $1.5 billion in tax credits and created a gross number of 1.1 million jobs. Subsequent analyses suggest that 300,000 to 500,000 of the new hires were people who would not have been hired otherwise. The net cost to government for each new job was about $2,600 to $4,400 per new hire which compares favorably with all other forms of job creation.

Many complain that the windfall to employers from such a scheme is excessive. In fact, the windfall is probably less for a marginal wage or training subsidy than for other forms of job creation. The cost-sharing implicit in a marginal subsidy discourages unnecssary hiring. The windfall that might result from subsidies for employees who would have been hired anyway can be curbed by adjusting the historical base that triggers the subsidy. The New Jobs Tax Credit mentioned above, for instance, could have allowed for all hires over 104 rather than 102 percent of the prior year's wage bill for an individual firm.

Some windfall is inevitable in any incentive strategy that uses the carrot of subsidy rather than the stick of direction and regulation. We already tolerate many such windfalls in our economic policies. It is an ineffciency we are willing to tolerate in our capital subsidies: for instance, research and development tax credits, investment tax credits and depreciation allowances all pay for substantial amounts of plant and equipment that would have been procured anyway.

The question of whether it is better to deliver such incentives through appropriated programs or through the tax code remains. The tax credit is the principle device for providing incentives for employers. It is popular because it allows individual and institutional choice about program participation. Tax-based delivery systems are also flexible. One needn't set program levels and provide appropriations before the actual use of the tax incentive. Use can also vary over time without changing the tax delivery system. Tax programs are generally regarded as cheaper to operate, although administrative and compliance costs are often vastly underestimated.

Tax-based employment training subsidies do present problems, however. Firms that pay no taxes cannot participate in the subsidy program. Employers that pay little tax have little incentive to participate. A refundable tax credit resolves much of that particular problem. Even refundability, however, would still deny participation to private non-for-profit and public employers. Since almost 1 in every 3 American jobs is paid for with public or not-for-profit funds, participation of such firms would expand the range of the subsidy program and would be desirable. Hence, if a wage or training subsidy is to reach all major employers, it would have to be refundable and include an appropriated element. In sum, a tax credit would have to be refundable and accompanied by an appropriate voucher if we are to reach the full range of American employers.

Marginal wage subsidies are also the best way to create jobs because they are the least expensive. The most expensive job creation strategy is general expansion. It has been estimated that in 1978, at least $44,500 of general spending increases or tax cuts were required to create a single job (Bassi, 1981). Tax cuts targeted on investment rather than consumption, create even fewer jobs. Costs vary tremendously among more specialized job creation strategies. A job created through expansion and public work spending costs as much as $30,000. Public service jobs can cost up to $9,000. An untargeted subsidy that paid only part of hiring cost, however, requires somewhere between $3,000 and $8,000 per job.

Marginal wage and training subsides could also be constructed to maintain jobs for employees threatened with dislocation. Subsidies allowed during downturns could maintain employment up and outward at reduced prices. The cost of wage subsides to sustain employment for those who would otherwise be temporarily laid-off, would be offset by savings and unemployment insurance and revenue recaptured through taxable wages. Output would be generated at lower prices reducing the burden on macroeconomic restraint. In addition, the marginal subsidy would require an employer contribution which would encourage continued employment only for those whom the company truly intended to keep over the long-term. Employees would be maintained in real jobs as opposed, for instance, to make-work jobs where output has little positive impact on productivity and prices. Such subsidies would also encourage maintenance of employees in the work setting where they can use their skills and even increase them if additional slack time is utilized for more on-the-job training.

In many parts of the country, however, and during severe economic downturns, no amount of wage subsidy or hiring incentive can create jobs where there are none.

Where there are no jobs, jobs must be created. I would agree with Chairman Simon that there is much useful public work to be done. I would also agree with Senator Simon's instinct that in the employment and training debate, the emphasis should be on employment. Training and other kinds of work-related policies should be encouraged in the context of a job. In my view, this holds true for disadvantaged, dislocated and employed Americans. The role for public institutions is to act as an intermediary to encourage positive transitions between jobs and on-the-job training experiences. In cases where outplacement or other necessary services cannot be performed in the context of work, public institutions should supply them. In the limit where jobs are not available, the public sector should act as the employer of last resort.

In closing, let me say I share Chairman Simon's instinct that the best training system is probably a fully employed workforce. Working and learning are inextricably intertwined. I would also contend that full employment is a more realizable goal than it has been since the late 1960s. Inflation is out of sight and will be over the foreseeable future. Unfortunately, inflation is not out of mind; anti-inflationary policies currently in place encourage an unnecessarily high unemployment rate. The absence of catastrophic inflationary risks in combination with the declining numbers in the 16-to-24-year cohort portend possibilities for rates of unemployment without inflation that we have not experienced since the late 1960s.

The potential low unemployment that can be realized as the result of the happy combination of a declining demography and relatively low inflation cannot be realized, however, until we get beyond the current macroeconomic barriers. Most notable among those barriers is the current federal deficit.

The current deficit not only inhibits our ability to move toward full employment, but also denies use of the resources to respond effectively to the training needs of disadvantaged, dislocated and employed Americans. Significant reductions in the current federal deficit are the cornerstones for fuller employment and the development of public and private education and training institutions that can be responsive to accelerating economic and technological change.

Thank you.

AMERICAN SOCIETY FOR
TRAINING AND DEVELOPMENT

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March 24, 1987

Senator Paul Simon
462 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Simon:

When I testified before your Committee on March 6, 1987, you asked me to supply some thoughts on prior notification of plant closings.

I testified then, and still believe, that mandatory plant closing notification is probably unworkable. Employers often know where the troubled plants are. But many troubled plants don't close and those that do are usually closed abruptly as a result of some sudden shift in economic circumstances. In the end, mandatory federal legislation would have to assess the intent of employers who closed plants in the interest of fairness. Intent is always unclear and enforcement arbitrary.

Federal legislation that cannot provide a clear and consistent guidelines for enforcement would probably be a disaster. I would suggest an alternative set of policies that provide incentives for prior notification and services. I would make two suggestion:

1. Employers who provide prior notification ought to be rewarded with significant federal subsidies for outplacement, job development and job search assistance. In addition, along the line of the Canadian model, employers ought to be provided with teams of experts who could help both employers and employees salvage the viable parts of institutions which on the whole have become economic dead weight.

In general, prior notification subsidies and expert teams ought to be controlled by governors who have a sense for the economics and politics of their regions and states.

2. I think it is time we built some infrastructure for improving the quality of outplacement services and training in the workplace. If we can't afford a tax subsidy to increase the overall quantity of employer based training, we

can afford research funds to improve the quality of outplacement and employer based learning and provide better linkages to publicly provided education and training.

At present we expend, roughly $80 to $90 million in federal dollars in providing education research to improve education practices. In addition, there is a large piece of university based infrastructure that focuses on the professional development of teachers and other education personnel. Beyond that there are systems of federally funded labs and centers that intend to connect to education practices in the states. We have almost no infrastructure that attempts to improve the quality of employer-based learning or the quality of public job training. Department of Labor funds are usually expended on R&D for training policy and not for training practices or the professional development of the nation's trainers. The employer-based training system is highly decentralized. There is no private institutional infrastructure that attempts to discern best practices and push the state-of-the-art in employer based training or in the relationship between workplace learning and educational and job training preparation outside the workplace.

The focus of a national training institute would be on practices and not on academic research. I would locate it somewhere outside the government but not in a university environment where the urge to academic publication would be too strong.

I'll be glad to discuss these ideas with you or your staff further. Thank you for the opportunity to expand the Committee's record on these matters.

Sincerely,

Anthony P. Carnevale
Chief Economist and Vice President
for National Affairs

P.S. I am also attaching some data and notions developed by me at ASTD on the appropriate role and possibilities for the education system and improving the nation's competitiveness. They are an attempt to clarify the economic role of the education system. On balance they suggest a much more powerful role for public education then heretofore implied in federal legislation. I hope you find them useful.

APC:cnd

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EDUCATION AND THE ECONOMY

presented by

Anthony Patrick Carnevale
Chief Economist and
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American Society for Training and Development

before the

Council of Chief State School Officers

Louisville, Kentucky

November 14 - 18, 1986

I'LL BEGIN BY TALKING ABOUT THE ECONOMIC BENEFITS OF EDUCATION. I'LL FOLLOW THAT WITH SOME REMARKS ON THE FUTURE ECONOMIC, DEMOGRAPHIC AND POLITICAL CONTEXT FOR THE RELATIONSHIP BETWEEN EDUCATION AND THE ECONOMY. IN THE LAST PORTION OF MY PAPER, I'LL DISCUSS THE RELATIONSHIP BETWEEN EDUCATORS AND EMPLOYERS AS I HAVE EXPERIENCED IT.

ECONOMIC BENEFITS FROM EDUCATION

LET'S BEGIN: SO WHAT HAVE YOU DONE FOR US LATELY? OF WHAT ECONOMIC VALUE IS THIS NATION'S $250-BILLION-DOLLAR EDUCATION ENTERPRISE. WELL FIRST THE MOST OBVIOUS. THE AMERICAN EDUCATION SYSTEM IS ONE OF THE NATION'S LARGEST EMPLOYERS. ONLY HEALTH CARE, AT ROUGHLY $400-BILLION-DOLLARS A YEAR, EXCEEDS EDUCATION AS A PROPORTION OF THE NATION'S GROSS NATIONAL PRODUCT.

FOR THE SAKE OF CLARITY, I'LL DIVIDE EDUCATION'S OTHER ECONOMIC BENEFITS INTO SOME ARBITRARY CATEGORIES. FIRST, WE'LL LOOK AT EDUCATION'S ECONOMIC BENEFITS TO SOCIETY, THEN TO EMPLOYERS, THEN TO COMMUNITIES, THEN TO FAMILIES AND THEN TO INDIVIDUALS.

THE SOCIETY

FROM THE POINT OF VIEW OF THE SOCIETY, THE QUESTION IS WHETHER THE RESOURCES USED IN EDUCATION ADD TO THE TOTAL SIZE OF THE ECONOMIC PIE. THE ANSWER, AT LEAST IN ECONOMIC LITERATURE, IS CONSISTENT AND FLATTERING. FORMAL EDUCATION HAS CONSISTENTLY OUTPERFORMED MACHINE CAPITAL IN ITS CONTRIBUTION TO OVERALL GROWTH IN NATIONAL INCOME SINCE 1929. FOR INSTANCE BETWEEN 1948 AND 1973, ALMOST A FIFTH OF THE GROWTH IN NATIONAL PRODUCT WAS DUE TO FORMAL EDUCATION; MOSTLY DUE TO AN INCREASED PROPORTION OF AMERICANS WITH A HIGH SCHOOL DIPLOMA OR SOME HIGHER EDUCATION. IN THE PERIOD BETWEEN 1973 AND 1981 WHEN PRODUCTIVITY GROWTH MYSTERIOUSLY DECLINED, EDUCATION STILL CONTRIBUTED SUBSTANTIALLY TO THE NATION'S GROSS NATIONAL PRODUCT AND OUT PERFORMED MACHINE CAPITAL. IN FACT, ECONOMIST AGREE THAT INCREASES IN EDUCATIONAL ATTAINMENT ACCOUNTED FOR A THIRD OF THE TOTAL GROWTH IN GROSS NATIONAL PRODUCT DURING THAT PERIOD.

BEFORE WE LEAVE OUR BRIEF DISCUSSION OF THE ECONOMIC IMPACT OF EDUCATION ON THE WHOLE SOCIETY, LET ME LEAVE YOU WITH TWO IMPORTANT PERSPECTIVES ON THE FUTURE OF THE ECONOMIC RELATIONSHIP BETWEEN EDUCATION AND THE SOCIETY.

FIRST, OVER THE LONG TERM THE EDUCATOR'S ECONOMIC ROLE IS CRUCIAL.

INDEED, THE NUMBERS I JUST QUOTED PROBABLY UNDERSTATE THE CONTRIBUTION OF EDUCATION TO THE NATION'S LONG TERM ECONOMIC GROWTH PROSPECTS. FOR INSTANCE, THE DISTINCTION BETWEEN THE ECONOMIC CONTRIBUTION FROM EDUCATION AND MACHINE CAPITAL IS AN ARTIFICIAL DISTINCTION. MACHINES, AFTER ALL, ARE HUMAN CREATIONS. IN THE LONG TERM, IT IS THE EDUCATION SYSTEM THAT SHOULDERS THE PRINCIPAL RESPONSIBILITY FOR MAINTAINING, DISSEMINATING, AND PUSHING THE STATE OF HUMAN KNOWLEDGE THAT ULTIMATELY CREATES THE NEXT MACHINE AND DREAMS UP THE NEXT ECONOMY.

IN THE SHORT TERM, HOWEVER, THE RELATIONSHIP IS LESS CERTAIN. IN THE SHORT TERM THE ECONOMY LEVERAGES EDUCATION MORE THAN EDUCATION LEVERAGES THE ECONOMY. IN THE SHORT TERM, THE QUANTITY AND QUALITY OF JOBS ARE USUALLY GIVEN. IT IS THE EDUCATOR'S TASK TO FIT YOUNG PEOPLE WITH SKILLS NECESSARY TO FILL SPECIFIC JOB SLOTS AND TO RETRAIN ADULTS AS SKILL REQUIREMENTS CHANGE. IN THE SHORT TERM EDUCATION DOESN'T CREATE JOBS BUT JOBS CREATE THE NEED FOR SPECIFIC KINDS OF EDUCATION. IN THE SHORT TERM, IF THERE ARE NO JOBS FOR MAGICIANS AND ENGINEERS, THERE WILL BE LITTLE EDUCATIONAL DEMAND FOR MAGIC OR ENGINEERING.

IN ADDITION, IN THE SHORT TERM DEMOGRAPHIC AND ECONOMIC FACTORS BEYOND THE EDUCATOR'S CONTROL CAN CREATE A BUYER'S OR SELLER'S MARKET. IN THE 1970'S WITH THE BABY BOOM ENTERING THE WORKFORCE AND INFLATION AND UNEMPLOYMENT WERE HIGH, THERE WERE MANY MORE JOB SEEKERS THAN JOBS. THE OLDEST OF ECONOMIC LAWS WAS IN OPERATION: THAT WHICH WAS AMPLY SUPPLIED -- IN THIS CASE YOUNG PEOPLE -- WAS NOT VALUED. EMPLOYERS COULD SUBSTITUTE A GREATER QUANTITY OF LESS EDUCATED LABOR FOR MORE EDUCATED LABOR.

HOPEFULLY, THE BUYER'S MARKET OF THE 70'S IS BECOMING THE SELLER'S MARKET OF THE 80'S AND 90'S. AS THE BABY BOOM IS FINALLY ABSORBED INTO THE WORKPLACE, THE NUMER OF YOUNG PEOPLE AVAILABLE FOR ENTRY-LEVEL JOBS IS DECLINING RAPIDLY. IN ADDITION, THE DISAPPEARANCE OF THE OIL INFLATION OF THE 1970'S SUGGESTS THAT WE CAN GENERATE LOWER UNEMPLOYMENT LEVELS WITHOUT ENCOURAGING RUN AWAY INFLATION. WE COULD ARRIVE AT A POINT WHERE THERE ARE MANY MORE ENTRY LEVEL JOBS THAN ENTRY LEVEL JOB SEEKERS. FROM THE EDUCATOR'S POINT OF VIEW THESE ARE "HAPPY PROBLEMS." ENTRY LEVEL LABOR SCARCITY WILL MEAN THE PRODUCTS OF THE SCHOOLS WILL BE VALUED; THAT THE SCHOOL'S CLIENTELE -- IT'S STUDENTS -- WILL HAVE GOOD REASON TO STAY IN SCHOOL AND ACHIEVE IN SCHOOL WITH A JOB AT THE END OF THE TUNNEL. WHATS MORE, YOUR CONSUMERS, THE EMPLOYERS, THE MILITARY AND OTHERS WILL BE ANXIOUS TO COALESCE WITH YOU TO BUILD WORKABLE PARTNERSHIPS AND GARNER RESOURCES.

THE SECOND PERSPECTIVE I WOULD OFFER ON THE CHANGING NATURE OF THE ECONOMIC RELATIONSHIP BETWEEN EDUCATION AND SOCIETY THAT PERSPECTIVE IS THIS: IN THE FUTURE, WE'LL NEED TO RELY MORE ON IMPROVEMENTS IN EDUCATION QUALITY RATHER THAN ON INCREASED YEARS OF SCHOOLING TO CONTINUE AND INCREASE EDUCATION'S ECONOMIC CONTRIBUTION. UNTIL RECENTLY THE MAIN SOURCE OF GROWTH IN EDUCATION'S CONTRIBUTION TO THE ECONOMY HAS BEEN THE EXTENSION IN THE NUMBERS OF SCHOOL YEARS COMPLETED BY ALL AMERICANS. MORE THAN 85 PERCENT OF AMERICANS ALREADY COMPLETED HIGH SCHOOL. OPPORTUNITIES FOR ECONOMIC GROWTH FROM INCREASING HIGH SCHOOL GRADUATION RATES ARE GOING TO BECOME SMALLER OVER THE NEXT DECADES BECAUSE THERE AREN'T THAT MANY MORE PEOPLE TO GET THROUGH HIGH SCHOOL. MOREOVER, THE PEOPLE WHO ARE DROPPING OUT WON'T BE FIRST RATE CONTRIBUTORS AS STUDENTS OR AS EMPLOYEES EVEN IF WE CAN KEEP THEM IN SCHOOL BECAUSE THEY'RE STARTING TOO FAR BEHIND. AS WE ACHIEVE OUR GOALS OF UNIVERSAL FREE PUBLIC EDUCATION THE OPPORTUNITIES FOR GROWTH IN THE ECONOMY FROM INCREASING THE PROPORTION OF THE WORKFORCE WITH A HIGH SCHOOL DIPLOMA DIMINISHES.

WE CAN CONTINUE THE ECONOMIC CONTRIBUTIONS FROM EDUCATIONAL ATTAINMENT BY INCREASING THE PROPORTION OF THE NATION'S POPULATION THAT GOES ON POST-SECONDARY EDUCATION. BUT UNDER CURRENT CONDITIONS THAT'S UNLIKELY. UNLIKE ELEMENTARY-SECONDARY SCHOOLING THE PUBLIC SUBSIDY FOR COLLEGE GOING IS RELATIVELY SMALL AND THE NON-PUBLIC COSTS ARE INCURRED BY INDIVIDUALS. IN ADDITION, IF WE GREATLY EXPANDED THE PROPORTION OF THE WORKFORCE GOING TO COLLEGE THE ECONOMIC BENEFITS TO THE ECONOMY WOULD INCREASE BUT THE COMPETITIVE VALUE OF A COLLEGE EDUCATION FOR INDIVIDUALS WOULD GO DOWN CREATING AN OFF-SETTING DISINCENTIVE FOR COLLEGE GOING. THIS SUGGESTS THAT POTENTIAL ECONOMIC GROWTH FROM THE EDUCATION SECTOR WILL HAVE TO EITHER COME FROM GREATER POST-SECONDARY SUBSIDIES OR FROM IMPROVEMENTS IN THE QUALITY OF EDUCATION RATHER THAN BY INCREASING THE AVERAGE NUMBER OF YEARS OF EDUCATION IN THE GENERAL POPULATION. ONE HOPEFUL SIGN, IS THAT THIS SEEMS TO BE THE ESSENTIAL THRUST OF THIS LATEST ROUND OF EDUCATIONAL REFORM.

THE EMPLOYER

NOW LET'S SHIFT OUR FOCUS FROM THE AGGREGATE ECONOMIC CONTRIBUTION OF EDUCATION TO EDUCATION'S ECONOMIC CONTRIBUTIONS TO GROUPS WITHIN SOCIETY: THE ECONOMIC BENEFITS OF EDUCATION THAT ACCRUE TO EMPLOYERS ARE ALSO SUBSTANTIAL. THE BENEFIT TO EMPLOYERS OCCUR IN THE PRINCIPLE AREAS: EMPLOYEE WORK EFFORT, SORTING AND SKILL ACQUISITION. FIRST, EDUCATION HAS ALWAYS CORRELATED STRONGLY WITH THE WORK ETHIC. SIXTY THREE PERCENT OF COLLEGE GRADUATES SHOW A STRONG WORK ETHIC AS COMPARED TO 47 PERCENT OF THOSE WITH HIGH SCHOOL OR LESS. ONLY 19 PERCENT OF COLLEGE GRADUATES DEMONSTRATE A LIMITED COMMITMENT TO WORK AS COMPARED WITH 21 PERCENT OF THOSE WITH HIGH SCHOOL OR LESS. AND ONLY 18 PERCENT OF COLLEGE GRADUATES FIND NO INHERENT VALUE TO WORKING AS COMPARED TO 31 PERCENT OF THOSE WITH HIGH SCHOOL OR LESS. SECOND, EMPLOYERS HAVE ALWAYS UTILIZED EDUCATIONAL ATTAINMENT AND EDUCATIONAL ACHIEVEMENT AS SORTING DEVICES TO HELP THEM PICK AND CHOOSE AMONG THOSE WHO OFFER THEMSELVES AS PROSPECTIVE EMPLOYEES. THIRD AND PERHAPS, MOST IMPORTANT, EDUCATION IS A MAJOR PROVIDER OF JOB SPECFIC AND OCCUPATION SPECIFIC SKILLS. THE SKILL TRAINING PARTNERSHIP BETWEEN EDUCATION AND EMPLOYERS IS LONG STANDING AND SUCCESSFUL.

WE SPEND ROUGHLY $250-BILLION-DOLLARS A YEAR ON FORMAL EDUCATION IN THE UNITED STATES - ROUGHLY 150 FOR ELSEC AND 95 FOR POST SECONDARY. EMPLOYERS SPEND ROUGHLY $180-BILLION DOLLARS A YEAR ON INFORMAL TRAINING ON THE JOB AND AN ADDITIONAL $30-BILLION-DOLLARS ON FORMALIZED COURSES OF INSTRUCTION. THIRTY EIGHT PERCENT OR $11.4-BILLION-DOLLARS OF THAT FORMALIZED TRAINING PROVIDED BY EMPLOYERS IS BOUGHT FROM OUTSIDE PROVIDERS. EMPLOYERS BUY 63.5 PERCENT OR $7-BILLION-239-MILLION DOLLARS WORTH OF THEIR OUTSIDE TRAINING FROM SCHOOLS.

EMPLOYERS AND EDUCATORS SHARE THE ROLE OF PREPARING THE NATION'S ENTRY LEVEL WORKERS AND RETRAINING EXPERIENCED WORKERS. WHEN ASKED WHERE THEY LEARNED WHAT THEY NEEDED TO KNOW TO QUALIFY FOR THEIR INITIAL JOB, AMERICANS SAID THEY LEARNED WHAT THEY NEEDED TO KNOW IN SCHOOL AND ON THE JOB. THE MORE PROFESSIONAL AND WHITE COLLAR EMPLOYEES TEND

TO GET MORE OF THEIR PREPARATION FOR THEIR INITIAL JOB IN SCHOOL AND LESS THROUGH FORMAL AND INFORMAL EMPLOYER-BASED TRAINING. SERVICE WORKERS -- FARMING, FORESTRY AND FISHING -- CRAFT WORKERS AND MACHINE OPERATORS AND LABORERS TENDED TO RELY ON A MIX OF SCHOOLING AND WORKPLACE LEARNING THAT SHIFTED MORE TOWARD THE WORKPLACE. BUT IN ALL CASES, THERE WAS A MIX OF SCHOOLING AND WORKPLACE LEARNING IN PREPARATION FOR ENTRY LEVEL JOBS. WHEN ASKED WHERE THEY GOT RETRAINED TO MEET SKILL REQUIREMENTS BEYOND ENTRY LEVEL, AMERICANS TEND TO RESPOND WITH THE SAME MIX OF SCHOOLING AND WORKPLACE LEARNING WITH ThE DECIDED SHIFT TOWARDS LEARNING ON THE JOB - AS ONE WOULD EXPECT AMONG EXPERIENCED EMPLOYEES.

LET'S LOOK AT THE DATA. WHEN MANAGERS, PROFESSIONALS, TECHNICAL AND SALES WORKERS WERE ASKED HOW THEY QUALIFIED FOR THEIR INITIAL JOBS, 66 PERCENT SAID THEY LEARNED SOME OR ALL THEY NEEDED TO KNOW IN SCHOOLS, 15 PERCENT SAID THEY LEARNED SOME OR ALL THEY NEEDED IN ORDER TO DO THE JOB IN FORMALIZED COMPANY PROGRAMS AND 44 PERCENT SAID THEY LEARNED SOME OR ALL THEY NEEDED TO KNOW INFORMALLY ON THE JOB. AS YOU CAN SEE, SERVICE, FARMING, CRAFT, MACHINE OPERATORS AND LABORERS TENDED TO RELY LESS ON SCHOOLING AND MORE ON FORMAL COMPANY PROGRAMS AND INFORMAL ON-THE-JOB LEARNING.

WHEN ASKED WHERE THEY WERE RETRAINED, MANAGERIAL, PROFESSIONAL, TECHNICAL AND SALES EMPLOYEES, SAID THEY LEARNED 40 PERCENT OF WHAT THEY NEEDED TO KNOW TO BE RETRAINED IN SCHOOL, 32 PERCENT IN COMPANY BASED FORMAL TRAINING AND 35 PERCENT OF WHAT THEY NEEDED TO KNOW, THEY LEARNED INFORMALLY ON THE JOB. IN GENERAL, WHEN WE LOOK AT RETRAINING, THERE IS A DECLINE IN THE PARTICIPATION OF SCHOOLS AND AN INCREASE IN FORMAL AND INFORMAL-ON-THE-JOB LEARNING AS A SOURCE OF NEW SKILL ACQUISITION. WHAT I FIND MOST REMARKABLE ABOUT THESE DATA IS THE EXTENT OF THE EMPLOYERS ACTIVITY IN PROVIDING INITIAL TRAINING FOR ENTRY-LEVEL JOBS AND THE EXTENT OF THE SCHOOL SYSTEM'S INVOLVEMENT IN RETRAINING. IN GENERAL THESE DATA SUGGEST TO ME THAT THE TRAINING PARTNERSHIP BETWEEN EMPLOYERS AND THE SCHOOL SYSTEM IS MORE ROBUST THAN ANY OF US HAS EVER SUPPOSED.

COMMUNITIES

NOW LET'S LOOK AT EDUCATION AND ITS ECONOMIC CONTRIBUTION TO COMMUNITIES. THERE ARE THREE KINDS OF ECONOMIC BENEFITS THAT COME TO MIND. FIRST, EDUCATION PROVIDES A CERTAIN AMOUNT OF SOCIALIZATION THAT ALLOWS US TO LIVE TOGETHER IN DENSE URBAN COMMUNITIES EFFICIENTLY AND EFFECTIVELY. SECOND, EDUCATION TEACHES PEOPLE TO DEFER GRATIFICATION IN FAVOR OF BENEFITS THAT ACRUE LATER IN LIFE. THE ABILITY TO DEFER GRATIFICATION IN THE INTEREST OF ENCOURAGING ECONOMIC GAIN SOMEWHERE DOWN THE ROAD IS AT THE ROOT OF THE COMMUNITY'S ABILITY TO SAVE HUMAN, MACHINE AND FINANCIAL CAPITAL. DEFERRED GRATIFICATION IS THE EMOTIONAL PRINCIPLE THAT UNDERLIES ENTREPRENEURIAL BEHAVIOR AND OUR ECONOMIC NOTION OF INVESTMENT. THE THIRD ECONOMIC BENEFIT THAT EDUCATION DELIVERS TO THE COMMUNITY IS A REDUCTION IN DEPENDENCY. BETTER EDUCATED PEOPLE MAKE BETTER ECONOMIC DECISIONS, DO BETTER CAREER PLANNING FOR THEMSELVES AND AS CITIZENS MAKE BETTER ECONOMIC

DECISIONS FOR THE COMMUNITY AS A WHOLE. IN ADDITION, AS WE ALREADY DISCUSSED, EDUCATION PROVIDES PEOPLE WITH OCCUPATIONAL AND JOB SKILLS THAT ENCOURAGE EMPLOYMENT AND REDUCE PUBLIC DEPENDENCY. OBVIOUSLY EDUCATION CORRELATES STRONGLY WITH EMPLOYMENT. SOMETIMES WE FOGET JUST HOW STRONGLY. FOR INSTANCE, A SINGLE YEAR FOR EARLY CHILDHOOOD EDUCATION, TARGETED ON A DISADVANTAGED CHILD, WILL RETURN AS MUCH AS $23,852 DOLLARS A YEAR IN REDUCED COSTS TO TAXPAYERS AFTER THE CHILD REACHES TWENTY YEARS OF AGE.

EDUCATION ALSO BENEFITS THE COMMUNITY TO THE EXTENT THAT IT RAISES PROPERTY VALUES AND ATTRACTS BUSINESS. STUDIES SHOW THAT PEOPLE ARE WILLING TO PAY FOR A GOOD EDUCATION SYSTEM AND THAT NEXT TO LOW TAXES, NEW OR RELOCATING BUSINESS FIRMS ARE INTERESTED MOST IN GOOD SCHOOLS FOR THE CHILDREN OF THEIR EMPLOYEES AND RETRAINING FACILITIES FOR PERSONNEL. INDEED ONE STUDY SUGGESTS THAT FOR EVERY DOLLAR INVESTED IN EDUCATION THERE IS $1.60 RETURNED TO COMMUNITIES THAT MAKE THAT INVESTMENT.

EDUCATION ALSO BENEFITS FAMILIES AND ULTIMATELY THE AMERICAN ECONOMY BECAUSE THE FAMILY IS THE INCUBATOR FOR THE NATION'S HUMAN CAPITALS AND OUR PRIMARY AND CHEAPEST PROVIDER OF HUMAN SERVICES. EXACTLY HOW DOES EDUCATION ENCOURAGE THE DEVELOPMENT OF HUMAN CAPITAL THROUGH THE FAMILY? AVAILABLE LITERATURE TELLS US THAT EDUCATION ATTAINMENT AND ACHIEVEMENT CORRELATE WITH LESS DOMESTIC VIOLENCE, BETTER CHILD REARING PRACTICES, BETTER NUTRITION AND SMALLER FAMILIES IN WHICH, SOME WOULD ARGUE, ECONOMIC RESOURCES ARE MORE EFFECTIVELY CONCENTRATED ON FEWER CHILDREN.

INDIVIDUALS

HAPPILY, EDUCATION ALSO BENFITS IT'S PRIMARY CLIENT -- THE INDIVIDUAL. EVERY YEAR OF SCHOOLING COMPLETED CORRELATES WITH A 2.73 INCREASE IN LIFE EXPECTANCY FOR FEMALES AND A 2.48 INCREASE IN LIFE EXPECTANCY FOR MALES. A SINGLE YEAR OF PRE-SCHOOL EDUCATION WILL EVENTUALLY RESULT IN ANNUAL EARNINGS OF $19,200 DOLLARS FOR DISADVANTAGED CLIENTELE -- $5,200 DOLLARS PER ANNUM OVER THE $14,000 THEY WOULD HAVE MADE ON WELFARE. OVER A LIFETIME, A HIGH SCHOOL DEGREE IS WORTH AN ADDITIONAL $189,000 DOLLARS IN EARNINGS. HIGH SCHOOL PLUS A FEW YEARS OF POST-SECONDARY EDUCATION IS WORTH AN ADDITIONAL $109,000 DOLLARS. A FOUR-YEAR COLLEGE DEGREE ADDS YET ANOTHER $226,000 DOLLARS TO LIFE TIME EARNINGS, AND COLLEGE PLUS SOME ADULT EDUCATION BEYOND COLLEGE CAN ADD ANOTHER $107,000 DOLLARS. THE DIFFERENCE IN LIFETIME EARNINGS BETWEEN
THE AVERAGE AMERICAN WHO DOESN'T COMPLETE HIGH SCHOOL AND THE AVERAGE AMERICAN WHO COMPLETES COLLEGE AND CONTINUES TO PARTICIPATE IN SOME FORM OF ADULT EDUCATION IS ROUGHLY $631,000 OVER A LIFETIME.

WHAT IS EVEN MORE HOPEFUL IS THAT THE RELATIONSHIP BETWEEN EDUCATION AND EARNINGS IS STRONGEST FOR FEMALES AND MINORITIES. FOR INSTANCE, HIGH SCHOOL COMPLETION IS WORTH 7 PERCENT IN TERMS OF INCREASED LIFETIME EARNINGS FOR WHITE MALES, 9.4 PERCENT IN INCREASED LIFETIME EARNINGS FOR WHITE FEMALES, 9 PERCENT IN INCREASED LIFETIME EARNINGS

FOR BLACK MALES AND 9.1 PERCENT IN INCREASED LIFETIME EARNINGSS FOR BLACK FEMALES.

STUDIES OF DISADVANTAGED YOUTH HAVE SHOWN REMARKABLE EFFECTS FROM SCHOOLING ON YOUTH EMPLOYMENT AND WAGES. ONE STUDY OF THE LABOR MARKET EXPERIENCES OF 16 THROUGH 21-YEAR-OLDS SHOWED THAT STUDENTS WHO ARE DISADVANTAGED BUT RECEIVED "B" AND "C" GRADE EARNED 39 PERCENT MORE IN YOUTH JOBS THAN STUDENTS WHO RECEIVED "D's" AND "F's." THE SAME STUDY SHOWED THAT STUDENTS WHO ARE DISADVANTAGED BUT RECEIVED "A" AND "B" GRADES RECEIVED 54 PERCENT MORE THAN STUDENTS WHO ARE SIMILAR IN TERMS OF THEIR SOCIOECONOMIC PROFILE BUT WHO EARNED "D's" and "F's." STILL ANOTHER STUDY POINTS OUT STUDENTS WITH LOW GRADES TEND TO HAVE THE WORST WORK HABITS AND HIGH RATES OF ABSEENTISM. EDUCATION IS STILL THE BEST LEVER FOR LEVERAGING THE NATION'S MINORITY AND UNDERPAID FEMALE MAJORITY UP THE INCOME LADDER.

THE FUTURE

THE DISADVANTAGED

CAN WE EXPECT THE RELATIONSHIPS BETWEEN EDUCATION AND ITS VARIOUS ECONOMIC BENEFICIARIES TO CHANGE IN THE FUTURE. WE'VE ALREADY TOUCHED ON TWO OF THOSE CHANGES. FIRST, WE HAVE ALREADY REALIZED MOST OF THE ECONOMIC BENEFIT FROM THE REMARKABLE, EXPANSION IN THE NUMBER OF YEARS OF SCHOOLING COMPLETED BY AMERICANS. IN THE FUTURE, WE'LL HAVE TO RELY MORE ON QUALITY INCREASES TO LEVERAGE ECONOMIC GAINS FROM EDUCATION. THE SECOND CHANGE IN THE ECONOMIC CONTEXT FOR EDUCATION IS THE SCARCITY IN THE NUMBER OF YOUNG PEOPLE THAT WILL LIKELY RESULT FROM THE COMBINED EFFECTS OF REDUCTION IN THE 16 THROUGH 24-YEAR OLD AGE COHORT AND THE ABSENCE OF INFLATION WHICH WILL ENCOURAGE LOWER UNEMPLOYMENT RATES. THIS HAPPY PROBLEM IS BOTH THE EDUCATOR'S GREATEST OPPORTUNITY AND GREATEST CHALLENGE BECAUSE WHILE THERE WILL BE HIGH DEMAND FOR SCARCE YOUNG PEOPLE, MORE AND MORE OF THOSE PEOPLE WILL COME TO SCHOOL AND TO WORK WITH HUMAN CAPITAL DEFICITS.

LET'S LOOK AT THE NUMBERS. THE PROPORTION OF THE POPULATION UNDER 5-YEARS OF AGE WILL DECLINE FROM ITS PEAK IN 1960 AT 11.2 PERCENT TO A LOW OF 6.8 PERCENT BY 2020. SIMILARLY, THE NUMBER OF 5 THROUGH 17-YEAR-OLDS WILL DECLINE FROM A PEAK OF 25.7 PERCENT IN 1970 TO A LOW OF 17.8 PERCENT BY 2020. SCARCITY OF YOUNG PEOPLE, HOWEVER, IS LIKELY TO RESULT IN BOTH A REDUCTION IN THE QUANTITY OF ENTRY LEVEL JOB SEEKERS AND A REDUCTION IN THE QUALITY OF YOUNG JOB SEEKERS. IN THE LIKELY LOW UNEMPLOYMENT ECONOMY THAT WILL RESULT, MORE AND MORE OF THE AVAILABLE ENTRY LEVEL EMPLOYEES WILL BE FOUND AMONG POPULATIONS IN WHOM WE HAVE MADE THE LEAST HUMAN CAPITAL INVESTMENTS.

IN 1984, 38 PERCENT OF THE BABIES BORN IN THE UNITED STATES WERE MINORITY -- BLACK, HISPANIC OR NATIVE AMERICAN. BY THE YEAR 2000, 38 PERCENT OF THOSE UNDER THE AGE OF 18 YEARS WILL BE MINORITY.

THERE WILL BE MANY FEWER WHITES AND MANY MORE BLACKS AND HISPANICS IN ENTRY LEVEL JOBS. EVIDENCE OF OUR DEFICIENT INVESTMENT IN THESE TWO

GROUPS ARE NOT HARD TO FIND. FOR INSTANCE, WHEN ONE LOOKS AT THE OVERALL AMERICAN POPULATION, ONE DISCOVERS HAPPILY THAT 83.5 PERCENT GRADUATED FROM HIGH SCHOOL IN 1985. YET ONLY 63.8 PERCENT GRADUATED BY AGE 19. THE REST RECEIVED G-E-D OR OTHER FORMS OF CERTIFICATION. WHEN ONE LOOKS AT BLACKS AND HISPANICS THE STORY BECOMES EVEN MORE PESSIMISTIC. WHILE 83.5 PERCENT OF ALL AMERICANS GRADUATED FROM HIGH SCHOOL AND 63.8 PERCENT GRADUATED BY AGE 19 ONLY 51.8 PERCENT OF BLACKS AND 40.3 PERCENT OF HISPANICS GRADUATED FROM HIGH SCHOOL BY AGE 19. SHOULD WE BE CONCERNED ABOUT THE QUALITY OF LEARNING AMONG GED'S AND THOSE OTHERS WHO DO NOT GRADUATE BY AGE 19. I THINK SO.

READING SCORES ARE ANOTHER INDICATION. IN A 1985 NATIONAL ASSESSMENT OF 9-YEAR-OLDS, WE DISCOVER THAT VIRTUALLY ALL AMERICANS HAVE RUDIMENTARY BASIC READING SKILLS. 71 PERCENT OF WHITES HAVE BASIC READING SKILLS COMPARED TO 39 PERCENT FOR BLACKS AND 44 PERCENT FOR HISPANICS. 22 PERCENT OF WHITES HAVE INTERMEDIATE READING SKILLS COMPARED TO 4 PERCENT FOR BLACKS AND 4 PERCENT FOR HISPANICS. AND 1.2 PERCENT OF WHITES HAVE ADEPT READING SKILLS COMPARED TO ONE TENTH OF ONE PERCENT FOR BLACKS AND NONE FOR HISPANICS.

WHEN WE LOOK AT READING SCORES FOR 17-YEAR-OLDS THERE IS IMPROVEMENT FOR ALL RACES AND ETHNIC GROUPS AND THE GAP BETWEEN WHITES, BLACKS AND HISPANICS SEEMS TO DECLINE. A SECOND LOOK SUGGESTS HOWEVER THAT THE RELATIVELY MINOR CLOSING OF THE GAP BETWEEN BLACKS, HISPANICS AND WHITES RESULTS IN FACT FROM THE SUBSTANTIAL NUMBER OF LOW ACHIEVING BLACKS AND HISPANICS WHO DROPPED OUT OF THE SCHOOL SYSTEM BY THAT TIME. PRESCHOOL PROGRAMS PROVIDE ANOTHER PESSIMISTIC PIECE OF EVIDENCE.

EARLY CHILDHOOD EDUCATION WORKS. ONE STUDY SHOWED A SINGLE YEAR OF PRE-SCHOOL COULD REDUCE UNEMPLOYMENT IN THE LATER LIFE BY HALF, INCREASE HIGH SCHOOL COMPLETION BY 30 PERCENT, REDUCE ARRESTS BY ALMOST 50 PERCENT AND MAKE DISADVANTAGED PUPILS 50 PERCENT MORE LIKELY TO SCORE ABOVE NATIONAL AVERAGES ON ACHIEVEMENT TESTS. AND AS STATED PREVIOUSLY, RESULT IN SOCIAL BENEIFTS AS HIGH AS $28,000 DOLLARS PER ANNUM PER CHILD. OUR PROBLEM IS THAT WE ARE UNDERINVESTING IN EARLY CHILDHOOD EDUCATION.

THIRTY SEVEN PERCENT OF THE NATION'S CHILDREN UNDER THE AGE OF 5 ARE ENROLLED IN PRESCHOOL PROGRAMS AND YET ONLY 19 PERCENT OF CHILDREN UNDER THE AGE OF 5 FROM FAMILIES WHO EARN LESS THAN $10,000 ARE ENROLLED IN THOSE PROGRAMS.

MORE EVIDENCE

WE KNOW AS A RESULT OF RECENT WORK THAT SHORT DURATIONS OF POVERTY HAVE LITTLE EFFECT ON LONG TERM SOCIAL AND ECONOMIC PERFORMANCE. WE ALSO KNOW THAT LONG BOUTS OF POVERTY CAN HAVE DISASTROUS CONSEQUENCES BOTH IN TERMS OF ECONOMIC AND SOCIAL PERFORMANCE OVER A LIFE TIME. THE DISTURBING NEWS IS THAT ONLY FIVE PERCENT OF WHITE CHILDREN EVER LIVE IN POVERTY MORE THAN FIVE YEARS. WHILE 46 PERCENT OF THE NATION'S BLACK CHILDREN LIVE IN POVERTY MORE THAN FIVE YEARS AT SOME POINT DURING THEIR CHILDHOOD. WE ALSO KNOW THAT THE CULTURE OF

POVERTY REQUIRES A CRITICAL MASS OF PEOPLE IN THE SAME DERACINATED CONDITION IN ORDER TO RESULT IN ITS MOST DISASTROUS ECONOMIC AND SOCIAL EFFECTS. THIS NOTION, AFTER ALL, IS THE BASIC RATIONALE BEHIND THE NATION'S INTEGRATION STRATEGIES OF THE 1950'S AND THE 1960'S. THE CULTURE OF POVERTY IS BEGINNING TO ASSERT ITSELF AGAIN AS WE DEVELOP EVER LARGER URBAN GHETTOES CUT OFF FROM THE MAINSTREAM SOCIETY. WE KNOW FOR INSTANCE, THAT CHILDREN RAISED IN POOR FAMILIES WHERE SOMEONE WORKED HAVE A MUCH REDUCED CHANCE OF REMAINING POOR THEMSELVES AS ADULTS AS COMPARED WITH CHILDREN RAISED IN POOR FAMILIES WHERE NO ONE WORKS. WE KNOW, FOR INSTANCE, THAT WHERE THERE ARE LESS THAN SEVEN PERCENT POOR IN A LOCAL SCHOOL 28 PERCENT OF THE POOR STUDENTS WILL ACHIEVE IN THE BOTTOM QUARTILE AND 12 PERCENT OF THE NON-POOR STUDENTS WILL ACHIEVE IN THE BOTTOM QUARTILE. AT THE SAME TIME, WHEN THE PROPORTION OF POOR CHILDREN INCREASES IN A SCHOOL SYSTEM, BOTH THE POOR CHILDREN AND THE NON-POOR CHILDREN TEND TO PERFORM LESS WELL. FOR INSTANCE, WHERE THERE ARE 24 PERCENT POOR CHILDREN IN THE SCHOOL, 56 PERCENT OF THE POOR STUDENTS ACHIEVE IN THE LOWERST QUARTILE AND 48 PERCENT OF THE NON-POOR STUDENTS ACHIEVE IN THE LOWEST QUARTILE.

POLITICS AND THE ECONOMY

WE MUST ADMIT THAT THE FUTURE RELATIONSHIP BETWEEN EDUCATION AND THE ECONOMY IS SHROUDED IN UNCERTAINITY. IF DEMOGRAPHY IS CERTAIN OVER THE NEAR TERM, THE VAGARIES OF THE NATIONAL ECONOMY AND POLITICS ARE NOT. THERE SEEMS TO BE TWO WIDELY DIVERGING STORIES ON THE AMERICAN ECONOMY. THE BAD NEWS STORY ENCOURAGES US TO BE PESSIMISTIC AND SUSPICIOUS AS TO THE IMPACT OF MACHINES AND FOREIGNERS ON THE OVERALL NUMBER OF JOBS AND THE QUALITY OF JOBS AVAILABLE IN THE FUTURE AMERICAN ECONOMY. THE PESSIMISTS BELIEVE THAT TECHNOLOGY AND TRADE ARE JOB EATERS NOT JOB CREATORS AND THAT THE ADVANCING SERVICE ECONOMY WILL LEAVE US ALL WITH LITTLE TO DO BUT TAKE IN EACH OTHER'S WASH AND SERVE EACH OTHER HAMBURGERS.

THE OTHER STORY, THE GOOD NEWS STORY, ASSERTS THAT WE ARE NOT BECOMING A NATION OF HAMBURGER STANDS AND LAUNDRIES. THE OPTIMISTS TELL US THAT IF WE LOOK NATIONWIDE WE WILL FIND THAT TECHNOLOGY AND FREE TRADE ARE NET JOB CREATORS. AND THAT OUR BASIC PROBLEM IS A LARGE FEDERAL DEFICIT THAT ENCOURAGES HIGH INTEREST RATES BECAUSE OF FEDERAL BORROWING AND AN OVERVALUED DOLLAR. HIGH INTEREST RATES, WE ARE TOLD, ARE DISCOURAGING INVESTMENT AND THE BUYING OF BIG TICKET MANUFACTURING ITEMS LIKE CARS AND HEAVY MACHINERY. AN OVERVALUED AMERICAN DOLLAR MAKES AMERICAN GOODS AND SERVICES MORE EXPENSIVE RELATIVE TO FOREIGN GOODS AND SERVICES DISCOURAGING OUR TRADING PARTNERS FROM BUYING AMERICAN. THIRD WORLD DEBT FURTHER DISCOURAGES OUR BEST CUSTOMERS FROM BUYING AMERICAN GOODS. THE OPTIMISTS URGE IS TO AVOID PROTECTIONISM BECAUSE IT WILL ENCOURAGE OUR TRADING PARTNERS TO DO LIKEWISE FURTHER DISCOURAGING TRADE. THEY PRESCRIBE LOWER DEFICITS WHICH WILL REDUCE GOVERNMENT BORROWING, DRIVING DOWN INTEREST RATES AND THE VALUE OF THE DOLLAR. LOW INTEREST RATES, THEY SAY, WILL ENCOURAGE MORE INVESTMENT AND ULTIMATELY MORE GROWTH. WITH LOWER DEFICITS AND SOME KIND OF AN INTERNATIONAL TRADE AGREEMENT, THEY ARGUE, WE WILL LOWER THE VALUE OF THE DOLLAR AND MAKE AMERICAN PRODUCTS CHEAPER RELATIVE TO OUR FOREIGN COMPETITORS. THEY ALSO ARGUE

FOR SOME KIND OF THIRD WORLD DEBT POLICY THAT WILL ALLOW THIRD WORLD COUNTRIES TO BUY AMERICAN PRODUCTS AND SERVICES AGAIN. THEIR ARGUMENT HAS BEEN WEAKENED SOMEWHAT LATELY BECAUSE INTEREST RATES HAVE DECLINED AND BECAUSE THE VALUE OF THE DOLLAR HAS DECLINED. AND YET THERE HAS BEEN NO CONSEQUENT INCREASE IN AMERICAN EXPORTS. THE OPTIMISTS RESPOND THAT THESE THINGS TAKE TIME AND THE DOLLAR WILL HAVE TO BE SUSTAINED AT LOWER LEVELS AND INTEREST RATES AT EVEN LOWER LEVELS STILL FOR MANY YEARS BEFORE A GENUINE RECOVERY CAN TAKE HOLD.

IN MY JUDGEMENT BOTH THE PESSIMIST AND THE OPTIMIST HAVE A CASE. MACROECONOMIC POLICIES, WHICH CAN ONLY BE FORUMULATED BY THE FEDERAL GOVERNMENT, THAT REDUCE DEFICITS, LOWER INTEREST RATES AND RESOLVE THIRD WORLD DEBT WILL EVENTUALLY ENCOURAGE OVERALL GROWTH. ULTIMATELY, I AGREE, WE NEED TO ENCOURAGE NEW TECHNOLOGIES AND NEW TRADE. AT THE SAME TIME, WE NEED TO RECOGNIZE THAT THE ECONOMIC GROWTH AND JOBS THAT TECHNOLOGY AND TRADE CREATE ARE VERY UNLIKELY TO GO TO THE PEOPLE WHO LOSE JOBS TO TECHNOLOGY AND TRADE. WHILE THE WHOLE ECONOMY IS LIKELY TO BENEFIT FROM INCREASED USE OF TECHNOLOGIES AND FREER TRADE; SPECIFIC REGIONS, STATES, LOCALITIES, INDUSTRIES AND OCCUPATIONS WILL NOT. WHILE FREE TRADE WILL BE GOOD FOR HIGH TECH MANUFACTURING, FOR INSTANCE, IT WILL NOT BE GOOD FOR AMERICAN STEEL. WHILE THE PENETRATION OF THE NEW TECHNOLOGIES WILL ADD CAPITAL PER WORKER, INCREASE SKILL REQUIREMENTS AND INCREASE WAGES IN MANY SERVICE INDUSTRIES AND IN HIGH TECH MANUFACTURING, IT WILL SURELY DISPLACE WORKERS IN TRADITIONAL MANUFACTURING, LUMBER, TEXTILES, AND BOOT AND SHOE. WHILE FREE TRADE AND THE PENETRATION OF NEW TECHNOLOGIES WILL CREATE ECONOMIC GROWTH AND JOBS ON THE EAST AND WEST COAST, IT WILL SURELY HURT THE JOBS AND GROWTH PROSPECT FOR THE AMERICAN MIDWEST.

IN MY VIEW IF WE ARE TO DISTRIBUTE THE BENEFITS AND THE PAIN OF ECONOMIC GROWTH EVENLY AND FAIRLY WE WILL NEED MORE THAN MACROECONOMIC POLICIES. WE'LL NEED EDUCATION AND TRAINING POLICIES. WE'LL NEED ADJUSTMENT POLICIES FOR THOSE WHO ARE DISPLACED OR MADE REDUNDANT BY NEW TECHNOLOGIES. WE WILL NEED REGIONAL POLICIES TO INSURE THAT THE NATION'S REGIONS SHARE IN ECONOMIC GROWTH FAIRLY AND EQUALLY.

IF THE FEDERAL GOVERNMENT IS GOING TO CONCENTRATE EXCLUSIVELY ON MACROECONOMIC POLICIES, THE STATES, REGIONS AND LOCAL AREAS WILL CERTAINLY NEED TO BUILD A MORE ARTICULATE SET OF POLICIES AND ECONOMIC DEVELOPMENT STRATEGY. IF THE FEDERAL GOVERNMENT IS GOING TO WORRY ABOUT THE OVERALL SIZE OF THE PIE, THEN IT WILL BE UP TO THE STATES AND SUBSTATE AREAS TO DEVISE ECONOMIC DEVELOPMENT STRATEGIES THAT WILL ULITMATELY DETERMINE THEIR SHARE OF THE PIE. MOST AGREE THAT A MAJOR PIECE OF THAT ECONOMIC DEVELOPMENT STRATEGY IN SUBNATIONAL AREAS WILL HAVE TO BE FAIRLY ROBUST EDUCATION AND TRAINING STRATEGY.

TWO PIECES OF ADVICE ON YOUR OWN PARTICIPATION IN YOUR REGIONAL AND STATE ECONOMIC DEVELOPMENT STRATEGIES, ONE FROM DIZZY DEAN AND THE OTHER FROM MAE WEST. FIRST FROM DIZZY DEAN. DEAN ANNOUNCED THE YANKEE'S WORLD SERIES IN THE EARLY 1950'S WHICH THEY LOST BY CHANGING THEIR PITCHING ROTATION -- MUCH THE SAME WAY THE RED SOX LOST THIS YEAR'S WORLD SERIES. DEAN'S COMMENTARY ON THE YANKEE CHANGE IN THE PITCHING ROTATION WAS THAT THEY HAD MADE A FATAL MISTAKE THAT NOT ONLY APPLIED TO BASEBALL BUT TO LIFE IN GENERAL. THEY HAD NOT AS HE PUT IT, "DANCED WITH WHO BRUNG THEM." I WOULD URGE THAT "YOU DANCE WITH WHO BRUNG YOU." MOST NEW JOBS IN ANY INDIVIDUAL STATE OR LOCAL OR AREA ARE CREATED FROM EXPANSION IN INDUSTRIES THAT ARE ALREADY THERE. ONLY A SMALL MARGIN OF NEW JOBS COME FROM IMPORTED INDUSTRIES. LOOK FIRST TO THE ECONOMIC BASE YOU HAVE AND THEN TOWARDS THE ONE YOU WANT. IN THE LONG TERM ALWAYS ATTEMPT TO CREATE A MIXED ECONOMIC BASE. AS WE KNOW IN THE SOUTHWEST, FAR WEST AND THE MIDWEST, OVER-RELIANCE ON ANY INDUSTRY CAN BE DISASTROUS. THE SECOND BIT OF ADVICE COMES FROM MAE WEST, WHO ONCE SAID "ANYTHING WORTH DOING IS WORTH DOING SLOWLY." I WOULD CAUTION YOU THAT ECONOMIC CHANGE TENDS TO BE EVOLUTIONARY AND NOT REVOLUTIONARY AND THAT YOU SHOULDN'T JUMP AT EVERY CLARION CALL FOR DRAMATIC CHANGES IN EDUCATION PROGRAMS BECAUSE OF EXPECTED CHANGES IN THE ECONOMY. ECONOMIC CHANGES OCCUR INCREMENTALLY AND RELATIVELY SLOWLY. CHANGE OCCURS AMONG THE TASKS THAT MAKE UP INDIVIDUAL JOBS. WHEN TASKS HAVE CHANGED SUFFICIENTLY JOBS CHANGE AND SOMETIMES WHOLE NEW JOBS AND OCCUPATONS ARE CREATED. THAT PROCESS TAKES YEARS. WHEN A NEW OCCUPATION FINALLY EMBODIES A BODY OF KNOWLEDGE AND A BODY OF THEORY SUFFICIENT TO BE TRANSFERRED TO ACADEMIC INSTITUTIONS IT BECOMES PART OF THE NATION'S SCHOOLING CURRICULUM. OUR EXPERIENCE OVER THE PAST WORLD WAR TWO ERA WITH "MANUFACTURING ENGINEERING" IS A CASE IN POINT. YOU SHOULD KEEP YOUR EYES ON CHANGES IN THE WORKPLACE BUT DON'T PRESUME THAT EVERY CHANGE IS THE PRECURSOR TO FUNDAMENTAL OCCUPATIONAL CHANGES. EVERY ACORN DOES NOT BECOME AN OAK.

COST

A FINAL ITEM, IN THE FUTURE OF THE RELATIONSHIP BETWEEN EDUCATION AND THE ECONOMY. HOW MUCH WILL IT COST? AND WHO WILL PAY THE BILL? MY GUESS IS THAT IT WILL COST A LOT. WE KNOW, FOR INSTANCE, THAT TEACHER SALARIES HAVE ALREADY DECLINED 20 PERCENT RELATIVE TO THE SALARIES OF OTHER AMERICAN WORKERS SINCE 1970. WE KNOW THAT IN ORDER TO GIVE TEACHERS THE SAME RELATIVE SALARY LEVELS THAT THEY ENJOYED IN 1970, WE'LL NEED TO DOUBLE THE OVERALL SHARE OF GNP THAT GOES TO EDUCATION BETWEEN NOW AND THE END OF THE DECADE. THAT MAY SEEM OUTLANDISH BUT IT'S NOT IMPOSSIBLE. WE DID DOUBLE THE SHARE OF GNP GOING TO EDUCATION BETWEEN 1950 AND 1975 AND THERE ARE NO REASONS WHY WE CAN'T DO IT AGAIN. NO REASONS EXCEPT TWO THAT IS. FIRST, THE TIMES ARE DIFFERENT. THE NATION IS CONSERVATIVE AND HAS LESS FAITH IN GOVERNMENT ALTHOUGH THERE IS SOME CONTRARY EVIDENCE TO THAT EFFECT AS WELL. THE AMERICAN PEOPLE HAVE THOUGHT THAT TAXES ARE TOO HIGH SINCE THE TAX REFORM ACT OF 1981. SINCE 1980 THE PUBLIC HAS DROPPED OFF PRECIPITOUSLY IN ITS SUPPORT FOR INCREASED DEFENSE SPENDING BUT HAS INCREASED ITS SUPPORT FOR SPENDING ON SPACE, SPENDING ON ENVIRONMENT, SPENDING ON HEALTH CARE, SPENDING ON AMERICA'S CITIES, SPENDING ON WELFARE, AND SPENDING ON EDUCATION.

THE SECOND FACT THAT MAKES THESE TIMES DIFFERENT IS DEMOGRAPHY. THERE ARE FEWER AND FEWER PARENTS WITH CHILDREN AND THE TRADITIONAL POPULAR BASE OF SUPPORT FOR EDUCATION IS DECLINING. THIS MAY MEAN THAT EDUCATION POLITICS MAY NEED TO CHANGE. EDUCATORS NEED TO BUILD ELITIST COALITIONS WITH THE BUSINESS COMMUNITY, THE MILITARY AND OTHER CONSUMERS IN ADDITION TO THEIR ATTEMPT TO PROVIDE POPULAR SUPPORT FOR THE EDUCATION FUNCTION. POLITICAL SCIENTIST, PAUL PETERSEN, ARGUES

THAT THE SHORT TERM THINKING OF THE 60'S HAS NOW TURNED TO THE SHORT TERM THINKING OF THE 1980'S. IN THE 1960'S WE EXPENDED LARGE AMOUNTS OF MONEY ON COMPENSATORY EDUCATION AND CONCLUDED ALMOST IMMEDIATELY THEREAFTER THAT NOTHING WORKED. WE HAD NOT PATIENCE. WE DIDN'T GIVE ANYTHING MUCH TIME TO WORK. SINCE THAT TIME WE'VE DISCOVERED THAT THERE HAS BEEN A GREAT DEAL OF INSTITUTIONAL LEARNING AND THAT MANY OF THE EXPERIMENTS WE BEGAN IN THE SIXTIES ARE BEGINNING TO WORK ADMIRABLY WELL. THE SHORT TERM THINKING OF THE 80'S IS ONLY SLIGHTLY DIFFERENT. WE'VE BEGUN TO CUT PUBLIC EXPENDITURES IN EDUCATION AND ELSEWHERE AND WE SEE NO MAJOR ERUPTIONS NO MASSIVE DECLINES IN THE QUALITY OF LIFE; NO SHRILL OUTCRY FROM THOSE WHOSE SERVICES HAVE BEEN CUT BACK. THE POINT WE MISS, I THINK, IS THAT WHILE THERE MAY BE NO IMMEDATE IMPACT THERE WILL BE A LONGER TERM IMPACT WHICH WILL BE FELT AS HUMAN CAPITAL DECLINES ALONG WITH THE ECONOMIC AND SOCIAL PROSPECTS FOR LATER GENERATIONS. MY CONCERN IS THAT BY THE TIME WE REALIZE OUR ERROR IT WILL BE TOO LATE.

AS TO WHO WILL PAY FOR THE NEW EDUCATION AGENDA: I JUST DON'T KNOW. THERE IS A TAX COMPETITION UNDERWAY BETWEEN THE STATES AND THE FEDERAL GOVERNMENT AND IT IS NOT CLEAR WHO WILL WIN. I WOULD SUGGEST TO YOU, AND OTHER SPEAKERS WILL HAVE MORE TO SAY ON THIS SUBJECT, THAT THE FEDERAL GOVERNMENT WILL WIN. THE MAJOR TAX THAT IS UP FOR GRABS IS THE SALES TAX. THE SALES TAX HAS BEEN THE PRINCIPAL MARGINAL SOURCE OF STATE REVENUES FOR FUNDING EDUCATION AND OTHER PUBLIC SERVICES. THE PUBLIC HAS CLEARLY REJECTED BOTH PROPERTY TAX AND INCOME TAX INCREASES AS LEGITIMATE SOURCES OF NEW REVENUE. THAT LEAVES THE SALES TAX. THE MAJOR QUESTION BEFORE US IS WHETHER THERE WILL BE A MAJOR NATIONAL SALES TAX OR WHETHER THE STATES WILL BE ALLOWED TO PROCEED TO GARNER LARGER AND LARGER SHARES OF SALES TAX REVENUES.

ULTIMATELY, IF WE CAN NOT AFFORD TO BUILD THE EDUCATION SYSTEM WE NEED WITH MONEY, WE'LL HAVE TO FIND OTHER MEANS. THERE ARE ONLY THREE OTHER MEANS. FIRST WE CAN DEREGULATE. WE CAN CHANGE THE REQUIREMENTS FOR TEACHING AND ADMINISTER IN THE NATION'S SCHOOLS THEREBY BUYING TEACHERS, ADMINISTRATORS AND NONPROFESSIONAL TEACHER AIDES CHEAPER. THIS SEEMS UNLIKELY: - BOTH BECAUSE OF THE PROFESSIONALISM OF THE TEACHING PROFESSION. AND BECAUSE THE MAJOR THRUST OF THE REFORM MOVEMENT IS TO INCREASE CREDENTIALS NOT DECREASE THEM. THE SECOND STRATEGY IS TO ADD CAPITAL. IN CRUDEST FORM, THIS MEANS UTILIZING COMPUTERS AND OTHER KINDS OF MACHINERY TO INCREASE TIME-ON TASK FROM PROFESIONAL TEACHERS. I THINK THIS IS A VIABLE STRATEGY BUT ITS IMPACT WILL BE SLOW, UNCERTAIN AND PROBABLY MARGINAL. THE FINAL STRATEGY AND THE ONE WE WILL FALL INTO IN THE ABSENCE OF MONEY OR SOME SUBSTITUTE FOR IT, IS TO CREATE TWO SYSTEMS OF EDUCATION IN THE UNITED STATES. ONE WOULD MINISTER EDUCATION TO AN INCREASINGLY MINORITY, INCREASINGLY BILINGUAL, INCREASINGLY HANDICAPPED PUBLIC SCHOOL POPULATION. THE OTHER WOULD PROVIDE HIGH QUALITY EDUCATION TO FAST-TRACK MIDDLE INCOME CHILDREN.

MANY WILL TELL YOU THAT WE DON'T NEED TO SPEND ADDITIONAL MONEY FOR EDUCATION. THEY'LL SAY "DOLLARS DON'T MAKE A DIFFERENCE." THERE WAS A TIME, PARTICULARLY IN THE LATE 60'S, WHEN SOME OF THE MOST VISIBLE EDUCATIONAL RESEARCHERS WERE SAYING THAT SCHOOL RESOURCES MADE NO DIFFERENCE TO THE PERFORMANCE OF STUDENTS, THAT THE SOCIOECONOMIC

STATUS OF PARENTS DETERMINED ALL. IT IS NOW UNDERSTOOD THAT SUCH ASSERTIONS WERE, FOR THE MOST PART, THE RESULT OF FAULTY DATA OR OF FAULTY ANALYSIS. SINCE THAT TIME, THE SCHOOL EFFECTIVENESS LITERATURE HAS MADE AN EXTENSIVE ATTEMPT TO TRY TO IDENTIFY WHAT MAKES FOR EFFECTIVE SCHOOLING. PLEASE FORGIVE AN ECONOMIST ATTEMPT AT CARRYING COAL TO NEWCASTLE. I HAVE DONE A QUICK REVIEW AND ATTEMPTED TO LIST THE EIGHT MOST HIGHLY REGARDED STRATEGIES FOR IMPROVING STUDENT ACHIEVEMENT: THEY INCLUDE CLASSROOM MANAGEMENT, INTERACTIVE METHODS, INDIVIDUAL AUTONOMY, TIME-ON TASKS, PARENTAL INVOLVEMENT, INFORMATION LOADED EDUCATION PLANNING, TECHNOLOGY AND HIGH EXPECTATIONS FOR ACHIEVEMENT. DOLLARS DO MAKE A DIFFERENCE. AS ONE WOULD SUPPOSE IT DEPENDS ON WHAT THE DOLLAR BUYS.

EDUCATORS AND EMPLOYERS

LET ME CLOSE WITH A FEW REMARKS ON THE LIMITS TO COOPERATION BETWEEN EDUCATORS AND EMPLOYERS AND MY SENSE FOR AREAS WHERE EDUCATORS AND EMPLOYERS INTERESTS ARE CONVERGING. AS I HAVE ATTEMPTED TO DEMONSTRATE: AS RELATIONSHIPS GO, THIS ONE HAS BEEN REMARKABLY SUCCESSFUL. PRINCIPALLY BECAUSE IT IS BASED ON MUTUAL DEPENDENCY. LIKE IT OR NOT, AMERICAN EDUCATION AND THE AMERICAN ECONOMY ARE INEXTRICABLY INTERTWINED.

LIKE MOST RELATIONSHIPS, HOWEVER, THE RELATIONSHIP BETWEEN EDUCATION AND THE ECONOMY HAS IT INHERENT TENSIONS. THE TENSION BETWEEN EDUCATORS AND EMPLOYERS, I WOULD CONTEND, IS A NATURAL ONE AND SHOULDN'T BE A CAUSE FOR ALARM. THE NATURAL TENSION BETWEEN EDUCATORS AND EMPLOYERS STEM FROM THE FACT THAT EDUCATORS HAVE THREE MASTERS AND EMPLOYERS BUT ONE. EDUCATORS ARE EXPECTED TO SERVE THE INTEREST OF THE AMERICAN CULTURE, THE AMERICAN POLITICAL SYSTEM AND THE AMERICAN ECONOMY WHILE EMPLOYERS ARE ONLY EXPECTED TO MEET THE ECONOMIC BOTTOM LINE. THE EDUCATORS POLITICAL AND CULTURAL ROLES ARE DEMANDING. OUR'S IS A CULTURE THAT VALUES INDIVIDUALISM ABOVE ALL ELSE. OUR'S IS A POLITICAL SYSTEM THAT VALUES PARTICIPATION. IT IS THE EDUCATOR'S CHALLENGE TO PRODUCE AUTONOMOUS, FREE-THINKING INDIVIDUALS WHO ARE CAPABLE OF CONTRIBUTING TO THE AMERICAN CULTURE AND POLITICAL DECISION MAKING. THE TENSION BETWEEN EDUCATORS AND EMPLOYERS RESULTS IN PART FROM THE FACT THAT INDIVIDUALS AND PARTICIPATION CULTIVATED IN THE SCHOOLS OFTENTIMES CONFLICTS WITH THE REALITIES OF THE MODERN INDUSTRIAL OGRANIZATION. THE DOMINANT MODEL FOR ORGANIZING ECONOMIC INSTITUTIONS IS STILL THE INDUSTRIAL MODEL THAT BEGAN WITH THE MOVE TOWARD SPECIALIZATION IN THE INDUSTRIAL REVOLUTION. IN THE INDUSTRIAL MODEL FINAL PRODUCTS ARE BROKEN DOWN INTO THEIR SMALLEST MOST REPRODUCIBLE COMPONENTS TO BE PRODUCED BY WHOLE INDIVIDUALS WHO ARE REDUCED TO JOB SPECIFIC SKILLS THAT COMPLIMENT AVAILABLE MACHINE TECHNOLOGY. THE PIECE-MEAL COMBINATION OF HUMAN SKILL AND MACHINE CAPITAL RECOMBINE INTO FINAL PRODUCT THROUGH CAREFULLY CONTROLLED TOP-DOWN HIERARCHICAL STRUCTURES THAT SOMETIMES LEAVE LITTLE ROOM FOR OUR CULTUAL AFFECTION FOR INDIVIDUALISM AND OUR POLITICAL BIAS TOWARDS PARTICIPATORY SYSTEMS. IN SHORT, THERE IS AN INHERENT TENSION BETWEEN EDUCATORS AND EMPLOYERS BECAUSE OFTENTIMES THE CULTURAL AND POLITICAL MISSIONS OF THE SCHOOL ARE IN CONFLICT WITH THE ECONOMIC REALITIES OF MODERN INDUSTRIAL ORGANIZATIONS.

ARE THE CULTURAL AND POLITICAL VALUES BEING TAUGHT BY THE SCHOOLS IN CONFLICT WITH OUR ECONOMIC NEEDS. ABSOLUTELY NOT. AS I MENTIONED EARLIER, SURVEYS OF EDUCATION AND THE WORK ETHIC HAVE CONSISTENTLY POINTED OUT THAT WORK ETHIC INCREASES WITH EDUCATIONAL ATTAINMENT. MOREOVER, NUMEROUS STUDIES HAVE DEMONSTRATED THAT THE AMERICAN WORK ETHIC IS EXCEEDINGLY AS COMPARED WITH OUR INTERNATINAL COMPETITORS. AS YOU CAN SEE, ONLY ISRAEL OUTRANKS THE UNTIED STATES IN ITS ALLIEGIANCE TO WORK. THE JAPANESE ARE ROUGHLY EQUIVALENT AND THE SWEDES, BRITISH AND THE GERMANS ARE SIGNIFICANTLY BEHIND.

AT THE SAME TIME, WE SHOULD KEEP IN MIND THAT WHEN SURVEYED ONLY 23 PERCENT OF AMERICANS SAID THAT THEY WERE WORKING AT THEIR FULL POTENTIAL. FORTY-FOUR PERCENT SAID THAT ONLY DID WHAT THEY NEEDED TO GET BY AND 75 PERCENT SAID THEY COULD DO MORE. WHEN SURVEYED THREE-QUARTERS AMERICANS SAY THAT NEW TECHNOLOGY MAKES THEIR WORK MORE INTERESTING AND MORE THAN HALF SAY THAT IT ALLOWS THEM MORE AUTONOMY ON THE JOB. MOREOVER, THE NEW SERVICE WORKERS APPEAR TO HAVE SUBSTANTIAL CONTROL OVER THE LEVEL AND QUALITY OF SERVICES DELIVERED. IN SHORT, PEOPLE WANT TO WORK TO THEIR FULL POTENTIAL AND YET THEY DON'T. IT IS BECOMING APPARENT THAT NEW TECHNOLOGIES AND THE MOVE TOWARDS A SERVICE ECONOMY IS CREATING A HIGH DISCRETION WORKPLACE IN WHICH EMPLOYEES CONTROL THEIR OWN PRODUCTIVITY.

THIS PRESENTS US WITH SOMETHING OF AN ECONOMIC CONUNDRUM. AMERICANS HAVE INCREASING CONTROL OVER THEIR OWN PRODUCTIVITY AND THE QUALITY OF THEIR WORK. THEIR WORK ETHIC IS STRONGER THAN EVER. YET THE INCREASING WORK ETHIC THAT EDUCATION ATTAINMENT BRINGS IN COMBINATION WITH THE HIGH DISCRETION WORKPLACE HAS NOT RESULTED IN THE KINDS OF PRODUCTIVITY INCREASES THAT ONE WOULD EXPECT. AMERICANS HAVE CONTROL OVER THEIR OWN PRODUCTIVITY AND THE DESIRE TO BE PRODUCTIVITY AND YET A CLEAR MAJORITY HAS DECIDED NOT TO WORK UP TO THEIR POTENTIAL. DANIEL YANKELOVITCH AND OTHERS WHO HAVE STUDIED THIS CONUNDRUM HAVE CONCLUDED THAT THE REAL CAUSE OF OUR PROBLEM IS THAT MODERN INDUSTRIAL ORGANIZATION AND AMERICAN MANAGEMENT PRACTICES HAVE NOT BEEN ABLE TO KEEP PACE WITH THE HIGH DISCRETION WORKPLACE AND THE INCREASING VALUATION OF INDIVIDUALISM AND PARTICIPATION THAT IS BEING IMPARTED TO A LARGER AND LARGER SHARE OF OUR POPULATION THROUGH INCREASED SCHOOLING. YANKELOVITCH POINTS OUT THAT AS THE EDUCATION OF THE OVERALL POPULATION INCREASES THE REASONS FOR WORKING CHANGE. IN A RELATIVELY UNEDUCATED AGRARIAN ECONOMY, THE PRINCIPLE REASON FOR WORKING IS SUSTENANCE. IN OTHER WORDS, WE WORKED TO SURVIVE. IN AN INDUSTRIAL ECONOMY, TYPICAL OF THE UNITED STATES IN THE EARLY 20TH CENTURY, THE PRINCIPLE REASON FOR WORKING TENDS TO BE MATERIAL SUCCESS OR THE ACCUMULATION OF WEALTH. IN A MODERN ECONOMY, WITH ATTENDANT HIGH LEVELS OF MASS EDUCATION, THE REASONS FOR WORKING TENDS TO SHIFT TOWARDS A SET OF VALUES THAT YANKELOVITCH CALLS "EXPRESSIVISM." THOSE WHO SUBSCRIBE TO EXPRESSIVIST VALUES TEND TO DEMAND MUCH MORE FROM WORK AS COMPARED TO THEIR AGRARIAN PREDECESSORS WHO ARE INTERESTED ONLY IN SURVIVAL AND THEIR INDUSTRIAL PREDECESSORS WHO ARE INTERESTED MORE IN MATERIAL SUCCESS. EXPRESSIVISTS EXPECT WORK TO PROVIDE THEM WITH IDENTITY, INNER GROWTH, INDIVIDUAL AUTONOMY, PARTICIPATION, A SENSE OF COMMUNITY, CHALLENGE AND GROWTH. IN EXCHANGE THEY ARE WILLING TO BE TEAM PLAYERS AND WORK HARD. THE GAP BETWEEN EXPRESSIVIST VALUES AND MODERN INDUSTRIAL ORGANIZATIONS IS USUALLY

EVIDENT IN SURVEYS THAT ASK PEOPLE WHY THEY ARE NOT WORKING AS HARD AS THEY COULD. ONE TYPICAL NATIONAL SURVEY SHOWED THAT 75 PERCENT OF THOSE SURVEYED BELIEVED THAT MANAGEMENT DIDN'T KNOW HOW TO MOTIVATE WORKERS THAT EVERYONE GOT THE SAME RAISE REGARDLESS OF HOW HARD THEY WORKED, THAT PEOPLE DON'T RESPECT AUTHORITY IN THE WORKPLACE ANYMORE, THAT TODAY PEOPLE WANT MORE OF A CHALLENGE ON THE JOB, THAT PEOPLE DON'T SEE THE END RESULTS OF THEIR WORK AND THAT LABOR UNIONS DON'T ENCOURAGE THEIR MEMBERS TO WORK HARD.

EMPLOYERS NOTICED THE GAP BETWEEN THEIR EMPLOYEES WORK ETHIC AND THEIR EMPLOYEES WORK EFFORT A LONG TIME AGO. THE MORE FOWARD LOOKING AMONG THE NATION'S EMPLOYERS HAVE ALREADY BEGUN TO DESIGN INDUSTIAL ORGANIZATION AND MANAGEMENT PRACTICES THAT ARE MORE CONSISTENT WITH THE CULTURAL AND PARTICIPATORY VALUES OF A HIGHLY EDUCATED POPULATION. THE EVIDENCE OF THESE CHANGES IN EMPLOYER ATTITUDES INCLUDE MANAGMENT PRACTICES AND COLLECTIVE BARGAINING AGREEMENTS THAT ENCOURAGE PARTICIPATION ON THE PART OF NON-SUPERVISORY EMPLOYEES, POPULAR BUSINESS LITERATURE THAT EMPHASIZES HUMAN RESOURCE MANAGEMENT, AND THE INCLUSION OF HUMAN RESOURCE MANAGEMENT AS REQUIRED COURSE WORK IN FULFILLMENT OF GRADUATE REQUIREMENTS FOR MANAGEMENT DEGREES. NEW MANAGEMENT PRACTICES THAT SHOULD BRING EMPLOYERS AND EDUCATORS CLOSER TOGETHER AND SHOULD MAKE THE NEEDS OF AN INDIVIDUALISTIC CULTURE A PARTICPATORY POLITY AND A SUCCESSFUL ECONOMY MORE CONSISTENT.

EVIDENCE OF PROGRESS TOWARDS A MORE FRUITFUL RELATIONSHIP BETWEEN EDUCATORS AND EMPLOYERS IS ALSO EVIDENT IN THE EDUCATION COMMUNITY AS WELL AS AMONG GOVERNORS, LEGISLATORS AND PRESIDENTIAL HOPEFULS. EDUCATION IS INCREASINGLY COUNTED AS A SIGNIFICANT LEVER IN PROMOTING COMPETITIVE ADVANTAGE IN ECONOMIC DEVELOPMENTS IN SEPARATE STATES AND IN THE NATION-AT-LARGE. RESEARCH ON THE RELATIONSHIP BETWEEN EDUCATION AND AND THE ECONOMY HAS STEPPED UP DRAMATICALLY, MOST NOTICEABLY AT COLUMBIA AND BRANDEIS. EDUCATORS ALSO APPEAR TO BE COMING TO GRIPS WITH THE FACT THAT OUR'S IS A SOCIETY BASED ON WORK. AND THAT A JOB IS THE PREREQUISITE TO SUCCESSFUL PARTICIPATION IN OUR NATION'S CULTURE AND POLITICAL SYSTEM. EDUCATOR'S ARE TAKING OWNERSHIP OF THE FACT THAT OVER THE LONG TERM THE ABILITY TO DISSEMINATE KNOWLEDGE AND TO PUSH ITS FRONTIERS IS THE ONLY REAL GUARANTOR OF THE NATION'S COMPETITIVE ADVANTAGE AND LIVING STANDARD. WE ARE ALL BEGINING TO RECOGNIZE THAT IN AN AGE OF ACCELERATING COMPETITION AND FOOTLOOSE TECHNOLOGY, IT IS THE QUALITY OF HUMAN RESOURCES THAT WILL MAINTAIN OUR COMPETITIVE EDGE. MOREOVER, THERE IS A GROWING RECOGNITION AMONG EDUCATORS THAT AS THE PACE OF ECONOMIC AND TECHNOLOGICAL CHANGE ACCELERATES, IT WILL BE UP TO THE SCHOOLS TO EMPOWER THE INDIVIDUAL CITIZEN WITH THE SUFFICIENT KNOWLEDGE TO MAKE HARD CHOICES ON TECHNOLOGY, TRADE AND PUBLIC AND PRIVATE ECONOMIC ROLES. FINALLY, THE SCHOOLS ARE BEING ASKED PROVIDE OUR CHILDREN WITH THE BASIC AFFECTIVE AND COGNITIVE SKILLS FOR THE JOB MARKET WHERE CHANGE IS THE NORM, WHERE PEOPLE WORK IN TEAMS AND NOT S INDIVIDUALS, WHERE KNOWLEDGE IS USELESS WITHOUT THE SKILL TO COMMUNICATE, AND WHERE THERE ARE PROBLEMS TO BE SOLVED RATHER THAN QUESTIONS TO BE ANSWERED. THE CONVERGENCE BETWEEN EDUCATORS AND BUSINESS BEGINS ON A FIRM FOOTING OF PAST SUCCESSES AND THE PROMISE OF CHANING RELATIONSHIPS IN

THE WORKFORCE. THE CHALLENGE IS TO DEVELOP THE LEADERSHIP NECESSARY TO THE TASK.

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Senator SIMON. Pat Choate.

Mr. CHOATE. Thank you, Mr. Chairman.

What I would like to do within the bounds of your five-minute rule are to devote a couple of minutes to summarize my testimony and then to add some comments, and a quibble, on a provocative and well-received new book called, "Let's Put America Back to Work."

Senator SIMON. If I may interrupt, since you gave me a plug for my book, "The High-Flex Society" by Pat Choate and "Jobs for the Nation" by Anthony Carnevale, also have to be entered in the record here.

Mr. CHOATE. Thank you, Mr. Chairman.

As to my testimony, the heart of my testimony is that the swift and far-ranging changes occurring in the American economy today really necessitate that the country construct an American training and adjustment strategy.

What I mean by that is not a national strategy, but a strategy between government, between business, between unions, workers, State governments and local governments, designed to assist our people to acquire the skills that they require and to make the adaptations that they face.

In constructing such a strategy, what I advocate is that we break the task down into some constituent parts and then allocate those tasks to those that are best-prepared to fulfill those tasks; in other words, that part of our society that has a comparative advantage.

What I am suggesting is that very clearly, to deal with the economically and culturally disadvantaged is essentially going to require massive Federal financing. Employers and State governments, local governments, are unlikely to take on that task. I think the country, through JTPA, has assigned that responsibility well with Private Industry Councils doing a major part of the work.

The second major task is how do we improve our entry-level training. I concur with you in your book, that this means that by and large we are going to have to give renewed attention to vocational education, community colleges, technical institutes.

I find that the primary challenge that we face there is how do we improve the quality of those facilities and the teaching quality in those schools; how do we keep people in those schools, how do we get first-class equipment there.

The third challenge that we face is how do we encourage employers to invest more in giving their workers booster shots of education and skills. I fully agree with Tony Carnevale that the simplest, most direct way to do that is to give employers the same incentive to invest in their worker skills as they are given to invest in technology and capital. That, I think, would be a major step forward. When one begins to take a look at the cost of that, I think that what we are talking about is no more than $700 or $800 million a year, to trigger off $4 or $5 billion of private sector investment. It seems to me that that is a good Federal public investment given that kind of leverage.

Then finally, there is the question of how do we deal with dislocated workers. The key points about creating such a program are that it be comprehensive, that it permit individual choice, that there be sufficient financing, and that there be great flexibility in the use of that program.

Such a program can be financed in many ways: appropriated funds, a special tax, an import surcharge, or an individual training account, which is the route that I would advocate.

The other point that I make in the testimony is that in addition to these training efforts, it is going to be necessary if we are to have a fully adaptable work force to have a series of vital, complementary activities. Those include a job service that really can make the links, do the testing, do the counseling, facilitate movement.

The second basic thing that we require is a comprehensive set of services for childcare. Given the shifting demography in our work force, childcare services are increasingly not a social issue but an economic or workplace issue.

The third point that I think is key is that we create portable personal pensions. Increasingly, given the job shifts that are now occurring, it will be necessary for people to have pensions that are tied to them rather than their jobs.

As to the book, I find much in that book that I agree with. Specifically, in your program, or in the author's program, it calls, for example, for a new approach on the deficit. When one takes a look at the American economy, what we find is that American business operates in the most conducive tax environment of any industrial nation. And secondly, I fully concur with you that when one takes a look at the American people as compared to other nations, they are vastly undertaxed for the services that they receive.

It seems to me that for the longer term, it is going to be necessary to find increased revenues, whether it be through a gas tax, a surcharge, a VAT, or some other mechanisms. It is imperative that we take that on.

I agree fully with the second point in there, that we require a trade strategy that is based upon: (1) greater fiscal integrity, (2) breaking down our cultural isolation, and (3) much more relevant and much tougher trade negotiations both here and abroad, enforcing our own trade laws and devising a new set of trade relations.

I agree, as I indicated earlier, on the need to improve our vocational technical education system.

Now, as to the fourth and the core part of the book on the guaranteed job program, I fully agree with that need.

We are not, as Dr. Carnevale says, going to be able to make the adjustments that are necessary to get people into the work force unless those jobs are there. And we are talking about in the final analysis really marginal cost for great benefits.

My quibble with the book is when you get into the description of the benefits. And I think I have been a little bit disingenuous. I think that the fact of the matter is that you vastly understate in your book the benefits that such would be created.

Several years ago, I did a series of studies on infrastructure and wrote a book on that topic. In your book, for example, when you talk about the investment in infrastructure, you talk about a level of investment of $7 billion a year. When one takes a look at the deteriorating infrastructure, what you find is that we have a backlog of a minimum of $1.5 trillion of infrastructure across the country. And when you talk about thousands of water and wastewater treatment systems that need replenishing and rebuilding, I think we can go further than that.

What we can say today is that half the communities in this country are out of the economic development business because their water and wastewater treatment systems are at full capacity; they cannot expand and maintain their environmental activities.

In the book, on the benefits that you describe, you describe the jobs that would be created in the local community in the service industries—the butcher, the baker, the barber-shop. I think that when you run those numbers out that you will find you will get a multiplier of about 1.7 or 1.6 of the wages that are created by the program, and since those are minimum wage jobs, for every job, I think, that you create under this program, you will create an additional job or safeguard at one additional job in the community.

But that is not where the major jobs are going to be created. One of the things that we learned in going back and studying the public works programs and taking a look at 18 different categories of public works is that for every job that is created in direct construction, there are on average two to three jobs created upstream in the steel, materials and equipment and service-related industries. These are the industries at the same time that are also experiencing great difficulties.

By putting in the provision of buying materials from America, not only will you deal with people that are facing stress, that need to get into the work force; you begin a longer-term process of, in a real sense, safeguarding hundreds of thousands of other jobs across the country.

And if you would be willing to leave the record open, I would be very pleased to supply you with some numbers and charts and figures that would show that the editorial writers and reviewers that have heaped praise on this book have, in effect, been describing something that is far better than it really is and what they are giving praise to already.

So with that, I will conclude my testimony.

Senator SIMON. I thank you for that very generous testimony, and I thank both of you.

Frankly, I want to get both of you back. We should have a hearing with two creative minds like yours, where we do not have any other witnesses, but we listen to the two of you explore your ideas.

Just a few brief comments.

One, Mr. Carnevale, I could not agree more when you say that we are making a mistake in forcing people to become paupers before we help them adequately.

Second, if I may give you an assignment, you say we ought to encourage prior notification. We will keep the record open—how do we encourage that prior notification?

For both of you, you talk about the need for investment in training. How do we encourage more appropriations to do what Motorola was doing? You talk about tax incentives. But I am interested in more specifics—how do we do that?

Mr. Choate, you talk about improving the quality in existing education. I am interested in more specifics on what you have to say there.

And when you talk about the need for revenue, you are absolutely on target, and I hope this Congress has the courage to face up to that problem.

The employment service. I asked another witness earlier on this. I would be interested in your analysis of the present employment service and what we ought to be doing.

Beyond that, let me just thank both of you. Obviously, in 20 minutes, we have had two of the most creative witnesses we can have here on Capitol Hill, and I regret it is such a brief experience here. We are going to get you back again.

Thank you very much.

Mr. CHOATE. Mr. Chairman, thank you.

Mr. CARNEVALE. Thank you, Mr. Chairman.

Senator SIMON. Our hearing stands adjourned.

[Whereupon, at 12:15 p.m., the subcommittee was adjourned.]

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